DEC 16 1980 Item 1012-C Y4.Ar5/2a:979-80/57
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[H.A.S.C. No. 96–57]

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STATUS OF ARMY AIR DEFENSE PLANNING

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HEARING

BEFORE THE

SPECIAL SUBCOMMITTEE ON NATO STANDARDIZATION, INTEROPERABILITY AND READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS
SECOND SESSION

SEPTEMBER 30, 1980

U.S. GOVERNMENT PRINTING OFFICE
69-032 O WASHINGTON: 1980

SPECIAL SUBCOMMITTEE ON NATO STANDARDIZATION, INTEROPERABILITY AND READINESS

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SPECIAL SUBCOMMITTEE ON NATO STANDARDIZATION,
INTEROPERABILITY AND READINESS,
Washington, D.C., Tuesday, September 30, 1980.

The subcommittee met, pursuant to notice, at 11:04 a.m., in room 2118, Rayburn House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

Mr. DAN DANIEL. The NATO Subcommittee will be in order.

Let me say at the outset that so far as the Chair is concerned this is one of the most important meetings we've held this year, and I deeply appreciate the large number of members being here, hopefully, most of you can stay through the hearing.

At the request of Chairman Price, the NATO Subcommittee is holding this hearing to review the current status of the Army's air defense plan. As the members recall, this plan was prepared by the Army at the request of the committee, after 2 years of careful analysis of United States and NATO air defense capabilities and was designed to meet the Army's ability to fund the programs over time.

The finished plan—submitted this past spring—represents a contract with the Congress to be managed by exception. But perhaps even more important, it represents the basis of America's commitment to NATO in the Long-Term Defense Plan. Any substantial departure from this plan would, therefore, not only weaken NATO air defenses but would also put us in the unacceptable position of breaking our commitment to our allies.

The recent DSARC decision to slow Patriot production has serious implications for our air defense if any surplus funds are not redirected into other air defense programs which will have to compensate for the slower deployment of Patriot. I have asked both witnesses to address this issue today so that any proposed changes might be taken into consideration in the appropriations process.

Looking toward fiscal year 1982, the emerging results of the budget process in OSD point toward the wholesale devastation of the Army defense plan. The subcommittee has learned that at the basic funding level—which has historically been an optimistic estimate—the Divad and Roland procurement programs are completely unfunded.

I can't help but recall that when the committee proposed to terminate the Roland program last year because of affordability, given higher Army priorities such as Divad, OSD and the Army unleashed one of the greatest lobbying efforts I've ever seen, insisting that Roland was critically needed and affordable without cutting other programs to pay the bill. Now, apparently OSD has decided that not only is Roland not affordable, very little else is either in Army air defense. Frankly, I find this incredible.

I would like to point out that the real problem is that OSD has concluded that the Army must be the "bill payer" for the other services' programs and that Army modernization, and particularly Army air defense, must take a back seat to the other services in the fiscal year 1981-86 period. That is difficult to understand since the Army is already in the back of the bus, so to speak, and faces bloc obsolescence in its military equipment. In calling attention to the plight of the Army I am not suggesting that other service programs are unnecessary or that they should not be adequately funded. I believe they should be. The basic point I want to make is that the fiscal year 1982-86 budget plan appears to be fatally flawed. Other service programs are being increased at the expense of, rather than in addition to, Army modernization. A defense plan which ignores the needs of the Army is, in my judgment, not a plan at all but an irresponsible gamble.

Before we receive the opening statements from the witnesses, I have asked Mr. White from our staff to review briefly the fact sheets before you which provide an audit trail on what has happened to the Army air defense plan since January 1979.

We have heard over the past few years about the "year of the Army." It seems to me that the year of the Army has been delayed too long, particularly when we look at this particular aspect of it.

Mr. White, will you go through the charts for the benefit of the members before we commence to hear from the witnesses?

BRIEFING BY JUSTUS P. WHITE, JR., PROFESSIONAL STAFF MEMBER, HOUSE COMMITTEE ON ARMED SERVICES

Mr. WHITE. Thank you, Mr. Chairman.

Before you, in black binders, you have a series of charts which I would like to explain.

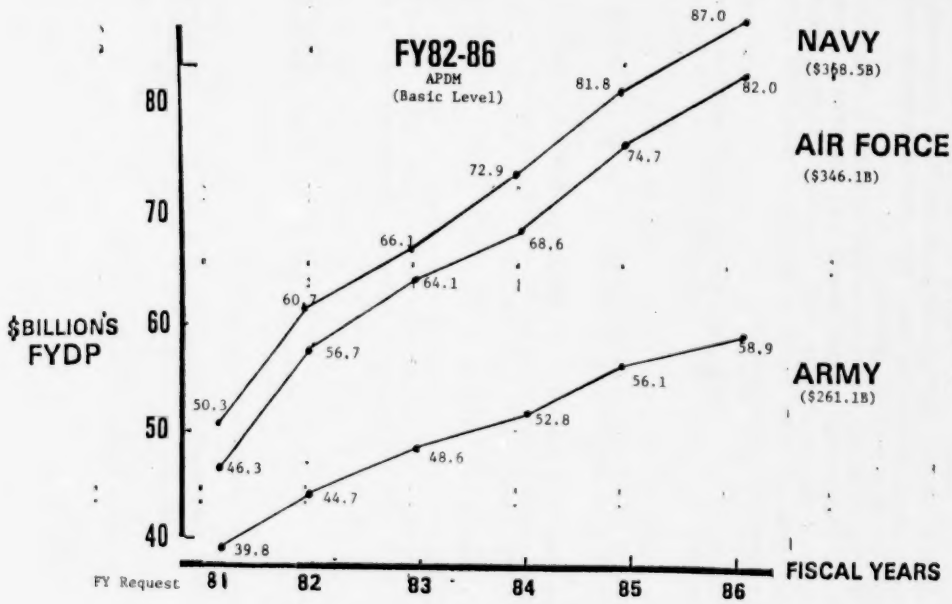
About this time of the year, we start discussing what is coming down the road in next year's budget. Historically, we find that the Department of Defense treats the budget draft as an internal document and service representatives are under pain of death not to discuss it over here on the Hill.

Today we will strip away the veil of secrecy about that. Charts that you have in front of you reflect the current Department of Defense budget plans through the amended program decision memorandum process. This, then, at the basic funding level represents the tentative glide path of the armed services for the next 5 years.

Chart 1 reflects the 5-year funding plan at the basic level for each of the Services. The key message in chart 1 is that some very fundamental changes have taken place in strategy as far as the funding of defense programs over the next 5 years. Those changes are reflected in the fact that the Navy and the Air Force programs grow at approximately twice the rate of those of the Army.

FY 1982-1986
BASIC BUDGETS BY SERVICE

1



% of Budget by Service

	1981	1982	1986
Navy	36.9	37.4	38.2
A F	33.9	35.0	36.0
Army	29.2	27.6	25.8

$ Increase by Service ($B)

	1982	1982-86
Navy	10.4	162.3
A F	10.4	114.6
Army	4.9	62.1

Starting in 1981, where there is approximately a $10 billion difference between the Army and the Navy budgets, we see that 5 years from now that delta will have grown to $30 billion. In 1982 specifically, the Air Force and the Navy are programed at the basic level to grow by $10.4 billion, the Army by only $4.9 billion.

You must understand the implications of that because it explains what has happened to the Divad program and other air defense programs.

Essentially in its appeal to Secretary Brown the Army stated that there was insufficient funding to conform to all of the mandatory guidance which OSD gave it and still fund its modernization programs at an acceptable level. The most significant casualty of that process was Army Air Defense.

I would like for you to turn now to chart 2. What you have here is the progression of the budget planning from January of 1979, which is the fiscal year 1980 President's budget request, through September of 1980, which is the fiscal year 1982 Army budget as it's presently contemplated.

TOTAL AIR DEFENSE PROCUREMENT
FY 1981-1984
($ in millions)

	FY 81	FY 82	FY 83	FY 84	TOTAL
FY 80 President's Budget Request	$1445.3	$1672.9	$1603.6	$1424.6	$6156.4
FY 81 President's Budget Request	$1191.0	$1933.8	$1619.7	$1689.6	$6434.1
FY 82-86 POM*	$1118.3	$ 862.6	$ 909.4	$ 951.4	$3841.7
FY 82 Army Budget	$1118.3	$ 801.4	$1078.6	$1226.8	$4225.1

*POM-Program Objective Memorandum

NOTE: This chart is not in constant dollars. The FY 80 and FY 81 plans are stated using inflation indices applicable in Dec. 1978 and Dec. 1979. The FY 82-86 POM and FY 82 Army Budget plans are stated using current inflation indices. Thus, the actual program reduction is significantly greater than these numbers would indicate.

You will note that in January of this year in the fiscal year 1981 President's budget request, the fiscal year 1982 Army air defense plan was projected to be $1.9 billion. Between January and September of this year that program was reduced from $1.9 billion to $800 million—60 percent reduction in less than a year. That decrease is a direct result of the reduced funding level given to the Army. The Army estimates that it will take approximately another $2 billion in 1982 on top of the current basic funding level to continue the modernization program. The most significant casualty of that is air defense, as you see in chart 2.

Charts 3 through 10 are audit trails of what has happened to individual air defense programs over a period of time.

On chart 3 you will note in the Divad program, in the total column line between fiscal year 1981 and 1984, in January of 1979 the Army planned to spend $1.4 billion on the Divad program and to procure 355 fire units.

Mr. NICHOLS. What chart are you on, Mr. White, so I can follow you?

Mr. WHITE. We're on chart 3, over in the total column, Mr. Nichols. You'll see the figure $1.4 billion. That's the 4-year total and the number of fire units associated with that. That also contemplated 9 million rounds of ammunition.

As a result of the revised plans which are now in effect, the Army will spend only $394 million on Divad; it will spend nothing on it other than in R. & D. in 1982, and it will field only 44 fire units and 232,000 rounds.

Mr. DAN DANIEL. Mr. White, would you suspend for 1 minute?

If any member has a question as we go along about these charts please interrupt because it is important that this committee completely evaluate the situation to see what we can come up with in the way of recommendations.

Mr. WHITE. Looking at the fiscal year 1981 President's budget request in January 1980, and moving over to the 1982 column you will see that in January of this year the Army, with OSD's approval, told us that they planned to spend $410 million on the Divad gun program in 1982 and to procure 98 fire units. The current plan is to spend nothing on Divad and to procure no fire units.

That is essentially the audit trail you can use on Divad.

A similar story exists with regard to Roland which is shown on chart 4. In January of this year they planned to procure 51 fire units and spend $500 million in 1982. Now the plan is to spend nothing. Roland in the outyears is effectively terminated if this plan continues in effect.

DIVAD

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	265.6	279.5	406.5	455.5	1,407.1
	Ammo $/rounds	15.5/317K	109.7/2525K	133.0/3230K	125.6/3228K	383.8/9300K
	Fire Units	12	82	112	149	355
	RDT&E	40.3	18.7	0	0	59.0
FY 81 President's Budget (Jan 80)	$M	176.8	410.1	493.4	524.7	1,605.0
	Ammo $/rounds	9.1/90K	92.8/1003K	74.5/817K	142.5/1984K	318.9/3894K
	Fire Units	12	98	124	144	378
	RDT&E	64.1	20.7	0	0	84.8
FY 81 Amended President's Request (April 80)	$M	95.3	321.0	462.0	535.0	1,413.3
	Ammo $/rounds	9.1/	5.0/	133.0/	160.0/	307.1/
	Fire Units	0	50	96	130	276
	RDT&E	64.7	20.7	0	0	85.4
FY 81 Defense Authorization Act	$M	140.0				
	Ammo $/rounds	0*				
	Fire Units	0				
	RDT&E	65.2				
POM 82-86 (Jul 80)	$M	95.3	0	0	0	95.3
	Ammo $/rounds	9.2/90K	0	0	0	9.2/90K
	Fire Units	0	0	0	0	0
	RDT&E	65.2	0	0	0	65.2
FY 82 Army Budget Estimate (Sep 80)	$M	95.3	0	145.9	152.8	394.0
	Ammo $/rounds	9.1/90K	0	7.1/48K	15.3/94K	31.5/232K
	Fire Units	0	0	20	24	44
	RDT&E	65.2	30.6	0	0	95.8

*Ammunition is not subject to prior authorization

ROLAND

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	494.2	520.3	250.2	94.4	1,359.1
	Missiles	970	1320	1320	1320	4,930
	Fire Units	54	72	23	6	155
	RDT&E	7.0	0	0	0	7.0
FY 81 President's Budget (Jan 80)	$M	366.7	500.3	108.9	0	975.9
	Missiles	600	1230	824	0	2654
	Fire Units	23	51	0	0	74
	RDT&E	12.8	0	0	0	12.8
FY 81 Defense Authorization Act	$M	369.9				
	Missiles	600				
	Fire Units	23				
	RDT&E	12.8				
POM 82-86 (Jul 80)	$M	369.9				369.9
	Missiles	600				
	Fire Units	23				
	RDT&E	12.8	4.1	12.1	9.1	38.1
82 Army Budget Estimate (Sep 80)	$M	369.9	0	0	0	369.9
	Missiles	600	0	0	0	600
	Fire Units	23	0	0	0	23
	RDT&E	12.8	0	13.2	9.9	35.9

So over a 4-year period of time we are down from $1.4 billion, which was the estimate in January of 1979. We are now down to $369 million, effectively terminating the Roland program and raising serious questions as to what the Army would do with 44 fire units because that is not a combination of two battalions.

The Patriot program you see reflected on chart 5 actually reflects growth, funding growth, although the number of fire units is down, reflecting the fact that it is the Army's No. 1 air defense priority.

The issue that is not addressed in these charts is the recent DSARC decision to slow the Patriot program down from 12 fire units in 1981 to 6. You have some legitimate question here today as to what the impact of that is on the Army air defense program and what additional responsibilities that will place on all of the other systems, since Divad will be going to the field later.

Charts 6–10 are for Improved Chaparral, Improved Hawk, Stinger, Grassblade, and Pivads. Given the limited period of time today, I don't think you need to go into the specifics of those programs so much as you do the Divad, Patriot, and Roland programs.

PATRIOT

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	419.8	456.5	544.7	562.1	2023.1
	Missiles	184	400	641	739	1964
	Fire Units	15	18	19	19	71
	RDT&E	31.7	1.9			33.6
FY 81 President's Budget (Jan 80)	$M	469.6	575.2	579.5	608.8	2233.1
	Missiles	183	391	637	739	1950
	Fire Units	12	18	19	19	68
	RDT&E	51.6	28.7	30.8	3.7	114.8
FY 81 Defense Authorization Act	$M	473.7				
	Missiles	183				
	Fire Units	12				
	RDT&E	52.0				
POM 82-86 (Jul 80)	$M	473.7	670.6	697.0	728.8	2570.1
	Missiles	183	391	637	739	1950
	Fire Units	12	18	18	18	66
	RDT&E	52.0	31.6	32.0	73.4	189.0
82 Army Budget Estimate (Sep 80)	$M	473.7	574.4	678.6	800.6	2527.3
	Missiles	183	183	377	637	1380
	Fire Units	12	12	18	18	60
	RDT&E	52.0	32.6	33.0	74.3	192.9

IMPROVED CHAPARRAL

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	3.2	3.3	3.3	3.4	13.2
	Missiles	0	0	0	0	0
	Fire Units	0	0	0	0	0
	RDT&E	6.1	0	0	0	6.1
FY 81 President's Budget (Jan 80)	$M	42.5	50.2	7.0	88.1	187.8
	Missiles					
	Fire Units					
	RDT&E	20.6	19.0	13.8	0	53.4
FY 81 Defense Authorization Act	$M	44.4				
	Missiles					
	Fire Units					
	RDT&E	24.8				
POM 82-86 (Jul 80)	$M	42.8	4.3	4.4	4.3	55.8
	Missiles					
	Fire Units					
	RDT&E	20.6				20.6
82 Army Budget Submit (Sep 80)	$M	39.4	66.3	8.2	10.0	127.3
	Missiles					
	Fire Units					
	RDT&E	20.8	20.1	14.6	14.5	70.0

IMPROVED HAWK

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	54.5	18.7	15.8	8.6	97.6
	Missiles					
	Fire Units					
	RDT&E	6.4	0	0	0	6.4
FY 81 President's Budget (Jan 80)	$M	35.9	26.9	23.6	15.7	102.1
	Missiles					
	Fire Units					
	RDT&E	7.4	3.9	8.2	13.8	33.3
FY 81 Defense Authorization Act	$M	36.2				
	Missiles					
	Fire Units					
	RDT&E	7.4				
POM 82-86 (Jul 80)	$M	36.2	4.7	4.0	3.9	48.8
	Missiles					
	Fire Units					
	RDT&E	7.4	4.0	8.2	14.0	33.6
82 Army Budget Submit (Sep 80)	$M	36.2	16.1	45.0	40.8	138.1
	Missiles					
	Fire Units					
	RDT&E	7.4	30.2	39.2	26.2	103.0

STINGER

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	84.8	137.6	172.9	141.4	536.7
	Missiles	2400	2450	4450	4000	13300
	Fire Units					
	RDT&E	5.4				5.4
FY 81 President's Budget (Jan 80)	$M	70.8	168.6	187.5	194.1	621.0
	Missiles	1356	1974	3225	4300	10855
	Fire Units					
	RDT&E	9.9				9.9
FY 81 Defense Authorization Act	$M	71.4				
	Missiles	1356				
	Fire Units					
	RDT&E	6.4				
POM 82-86 (Jul 80)	$M	71.4	173.4	194.3	203.1	642.2
	Missiles	1356	1974	3225	4300	10855
	Fire Units					
	RDT&E	6.4	4.5			10.9
82 Army Budget Estimate (Sep 80)	$M	71.4	132.3	194.2	208.0	605.9
	Missiles	1356	1974	2412	3535	9277
	Fire Units					
	RDT&E	6.4	9.0			15.4

GRASSBLADE

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	69.8	84.3	68.4	23.7	246.2
	Missiles					
	Fire Units					
	RDT&E	9.7	0	0	0	9.7
FY 81 President's Budget (Jan 80)	$M	11.1	100.2	135.7	104.6	351.6
	Missiles					
	Fire Units					
	RDT&E	35.8	13.3	0	0	49.1
FY 81 Defense Authorization Act	$M	11.2				
	Missiles					
	Fire Units					
	RDT&E	35.8				
POM 82-86 (Jul 80)	$M	11.2	0	0	0	11.2
	Missiles					
	Fire Units					
	RDT&E	35.8	20.2	10.0	0	66.0
82 Army Budget Estimate (Sep 80)	$M	11.2	12.3	0	0	23.5
	Missiles					
	Fire Units					
	RDT&E	35.8	22.0	11.3	0	69.1

PIVADS

		FY 81	FY 82	FY 83	FY 84	TOTAL FY 81-84
FY 80 President's Budget (Jan 79)	$M	0	0	0	0	0
	Missiles	0	0	0	0	0
	Fire Units	0	0	0	0	0
	RDT&E	0	0	0	0	0
FY 81 President's Budget (Jan 80)	$M	0	0	0	0	0
	Missiles	0	0	0	0	0
	Fire Units	0	0	0	0	0
	RDT&E	0	0	0	0	0
FY 81 Defense Authorization Act	$M	26.8				26.8
	Missiles					
	Fire Units					
	RDT&E	9.6				9.6
POM 82-86 (Jul 80)	$M	0	0	0	0	0
	Missiles	0	0	0	0	0
	Fire Units	0	0	0	0	0
	RDT&E	0	0	0	0	0
82 Army Budget Estimate (Sep 80)	$M	0	0	0	0	0
	Missiles	0	0	0	0	0
	Fire Units	0	0	0	0	0
	RDT&E	0	0	0	0	0

Mr. WHITE. The Improved Chaparral and Improved Hawk are old systems. The present funding levels reflect the fact that they intend to get some more mileage out of them. So they have actually increased the funding.

The most serious problem that is reflected in these other programs is in the Grassblade program, a classified, compartmented program which we really cannot go into today other than to state that it is a critical priority in the Army's judgment. If anyone wishes that compartmented briefing I can follow that up and arrange for it to be given to you. That program is substantially reduced and placed in jeopardy as a result of the air defense decision and the overall budget decision.

At the back of this there are a series of background briefs and issue papers on the overall Army funding level and what that does to air defense; Divad gun issues; Roland issues; and Patriot issues.

Mr. Chairman, that concludes my briefing.

Mr. DAN DANIEL. Are there any questions of Mr. White on those charts?

Mr. LLOYD. Mr. Chairman.

Mr. DAN DANIEL. Mr. Lloyd.

Mr. LLOYD. Thank you very much, Mr. Chairman.

Going back to chart No. 1, I don't fully understand why we're cutting back on the Army. I thought we were anticipating a bow wave where our major problem was to fund all of the programs that we had coming down the line, not the least of which are some of the programs that you are currently talking about, which now are being cut back.

If we are not going to fund these programs—for instance, the Patriot is being cut back, and you're cutting back on Divads—what do we use for air defense? I don't fully understand what the theory is.

Could you tell me specifically who or what agency is making this policy decision? This is a policy decision, isn't it, Mr. White?

Mr. WHITE. Yes, sir.

You asked three questions, Mr. Lloyd. Let me see if I can cover them in order, and then I would suggest that you address these same questions to the witnesses.

Your first question is what happened to the bow wave we've heard about for 5 years where the Army's share relative to the others should be increasing, rather than decreasing.

Mr. LLOYD. Does chart 1 incorporate the bow wave?

Mr. WHITE. Mr. Lloyd, what chart 1 reflects is that there has been a conscious policy decision made which places Army modernization at the margin. The Army stated in its appeal to OSD that its modernization program would be decimated by this funding glide path. So the bow wave will be unfunded if this funding level is allowed to stand.

The second question was: Who makes this kind of decision? This is a direct result of the Consolidated Guidance which was issued by Harold Brown—presumably with some direction from the President.

The clear implication of this is that a conscious policy decision, which has not been surfaced to the Congress, has been made that the risk of a land war is less and that more funds should be

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channeled into projection of power. I say this because the Army modernization programs which are necessary to sustain a land war are not funded at this program level.

Mr. LLOYD. If OSD is cutting out all of these programs, is there any one specific program that we wish to retain?

Obviously, I'm personally interested in Divads, but I'm not interested in it to the exclusion of anything else.

I think that question probably more correctly belongs to the folks in back of you.

Mr. WHITE. No question about that.

Mr. LLOYD. The Department of Defense gave us a lecture on bow wave, and they said this was the time they were really going to start building up the Army. For instance, the Divad program was a quick fix to the air defense situation with off-the-shelf hardware, no state-of-the-art. Is that correct?

Mr. WHITE. That is correct. Straight engineering problems.

Mr. LLOYD. Then when did this change occur?

Mr. WHITE. Mr. Lloyd, this change occurred with the arrival of the Consolidated Guidance which reflected the beginning of a shift toward emphasis on a war in Southwest Asia and some fundamental judgments in the Department of Defense that you're simply going to have to thrash out.

Mr. LLOYD. The Department of Defense as recently as last year was clearly talking about a bow wave to the Research and Development Subcommittee, and now all of a sudden we are talking about eliminating not only the programs but the bow wave as well. Apparently we are not going to execute the programs we have paid to develop in R. & D.

Mr. WHITE. Mr. Lloyd, they have reduced the Army Air Defense Plan by 60 percent in 1 year.

Mr. DAN DANIEL. It seems to me that this has been in somebody's thinking for some time because I believe the Army is the only one of the services which has not deployed a major new weapons system in the last decade. Is that correct?

Mr. WHITE. More appropriately, in about 15 years, Mr. Chairman.

Mr. DAN DANIEL. It would seem to me, Mr. Lloyd, that you have put your finger on the guts of this whole thing. The uninitiated observer would have to conclude, I believe, that either the threat has changed or the war plan, the emphasis, has changed.

Mr. LLOYD. There's been a decided shift.

I guess the question has to be asked—and maybe we should be directing this to the Secretary of Defense—why the shift in emphasis away from a land army capability?

I'm certainly not qualified to say right or wrong, up or down, but I am qualified to say in the history of the short time that I have been here that this is an absolute, major shift of policy.

Mr. WHITE. No question about that, Mr. Lloyd.

Mr. LLOYD. And on that basis I think that we are entitled to know who made this shift, and, second, why was this shift made, and I guess third, if you are planning a shift is this a methodology of telling the Congress we no longer really need an Army.

I don't really want to cheap shot anybody, but really this is the way the whole thing is coming through to me, and you've got to know that I'm hot for airplanes.

Mr. WHITE. I think you've put your finger on it, Mr. Lloyd. A very major shift in policy has emerged in the last year. It is not reflected in the January 1980 budget submission, and the rationale for the shift lies greatly above my pay grade.

Mr. LLOYD. I have taken too much time. But I do have a question for the witnesses.

Mr. DAN DANIEL. You're not taking too much time at all.

Mr. WHITE. If I might suggest, unless there are any other questions for me, that you get to the witnesses because they are the ones who are competent to answer most of the questions.

Mr. DAN DANIEL. There may be some questions on the charts. Does anyone else have any questions on the charts that Mr. White addressed?

Mr. NICHOLS. Only this, Mr. Chairman: To me, it just strains my imagination to understand the rationale for somebody's conclusion along the way that we can forget about land warfare.

I would just ask you as a staff member is there anything that you know of in the Soviet doctrine to indicate that they are reducing their emphasis on land warfare?

Mr. WHITE. No, sir. The opposite is true, as it has been. The Army is qualitatively inferior—the only service which can make that claim—in every item of equipment to the Soviet Union with the exception of self-propelled howitzers, and there they are qualitatively inferior in terms of range.

There is another issue which you should explore. The mandatory guidance given to the Army left very little funding available for modernization. But that guidance has built-in inconsistencies. It requires that the Army increase pre-positioned stocks of ammunition and pre-positioned war reserve stocks. However, without air defense how do you get C-5's into Frankfort? How do you protect those POMCUS sites? How do you protect those ammunition depots without air defense? And that is in effect, what these charts tell you will happen. There will be no modern air defense in the U.S. Army in Europe or anywhere else.

Mr. NICHOLS. Mr. Chairman, I think the questions I have to ask would best be asked to people on up the line. But I think the Armed Services Committee is certainly deserving of answers to these questions.

I would be very much interested to understand the rationale by which somebody has concluded that we're not going to fight a land war so we can reduce air defense.

Mr. WHITE. The purpose of this hearing is for you to formulate some judgment about what should be done before this process is frozen because they have not officially communicated this to you.

Mr. NICHOLS. Thank you, Mr. Chairman.

Mr. DAN DANIEL. The Chair would like to note the presence of the gentleman from New York, who has expressed a great deal of interest in this subject. We're pleased to have you with us, and you may remain as long as you wish.

Mr. PEYSER. Thank you.

Mr. DAN DANIEL. General Maloney, how do you want to handle your briefing this morning? Dr. LaBerge, do you want to go first?

Dr. LABERGE. Mr. Chairman, may we sit together?

Mr. DAN DANIEL. Why don't you both sit at the table and handle it in whatever manner you think would be best to present your case?

Dr. LABERGE. Mr. Chairman, if I might start out by requesting that my preliminary statement be entered. I would not choose to read through it, but, rather, just to make a few remarks.

Mr. DAN DANIEL. Without objection, it will be so entered.

WRITTEN STATEMENT OF HON. WALTER B. LABERGE

Mr. Chairman, Gentlemen, I am pleased to be here to discuss air defense with you. I understand this to be a status report of how-goes-it on ground air defense programs. I'll discuss the NATO programs in the main but I want to touch on air defense for the RDF. The management problems of how much is enough, what is the correct mix and affordability are uppermost in our considerations of today.

In this statement, I will not go through the details of each air defense program now being undertaken. Should you have questions on any of them, I will do my best to provide you the information you wish. However, because the issue is current, I will comment briefly on Patriot. The Patriot system has been developed to replace both Nike Hercules and some I-Hawk's and is in its last stages of development and first stages of production. Based on the recommendation of the DSARC, Secretary Brown authorized limited production of Patriot for the purpose of confirmation of the design as manufactured on production tooling. To date, the performance of Patriot in ECM environments has not been fully demonstrated in development and operational testing, nor has its reliability and maintainability reached the levels necessary for release to unlimited production. A series of hardware and software fixes to improve RAM performance are being incorporated into the engineering development equipment and will be tested concurrently with the introduction of the same modifications in the production line. The extended testing of the modified development equipment will precede the follow-on operational testing of the production equipment by a full year. This will allow us to confirm that our design changes are correct and that the production rate can be increased from a limited rate to a full rate without expensive field retrofitting. The limited production program calls for procurement of 5 fire units in fiscal year 1980, 6 in fiscal year 1981, 6 in fiscal year 1982, with an option to increase to 12 in fiscal year 1982 if operational testing supports the increase.

One last item of interest is the intensive planning for the introduction of Patriot underway by a consortium of nations. Various procurement and field alternatives are being examined.

Complementing the cooperative multinational NATO high/medium air defense programs are a family of national short range air defense systems for divisional protection and some point defense protection, such as resupply points, air bases, bridges, and ammunition supply points. Although these are national programs, we have attempted to maximize the common use of systems and minimize the development of differing systems for each nation. Our success has been mixed:

The U.S. Chaparral has never been adopted by other NATO nations.

The French and German Roland system was adopted by the U.S. The production transfer has been more costly than we calculated and we now are facing affordability problems. Some wisdom will be necessary on handling this program in the future, and we will need the good offices of Congress as we proceed.

A limited buy of Rapier with UK support and manning for defense of our assets at UK bases may be one of the real bargains in the short range air defense. This committee has been exemplary in their actions on it.

The man portable anti-air missile Redeye is now about to be replaced in the U.S. inventory by a more capable next generation system, Stinger. Plans for offshore manufacture of Stinger for use in NATO are now being discussed.

The German/Netherlands division air defense gun Geppard was considered for adoption by U.S. forces but a determination of computer fire control capability and cost considerations led to the U.S. developing its own Division Air Defense System (Divad). Divad will be mounted on an upgraded M-48 tank chasis. The M-48 came out of our main battle tank inventories as the M-60 series replaced it.

In the last few years, the U.S., with our NATO allies, defined some long term defense plan initiatives and began implementing them. LTDP-5, the initiative on

air defense, has been one of the most successful of these. The NATO ministers are expected to adopt the follow-on of the air defense task force; the NATO Air Defense Committee (NADC) reporting to the North Atlantic Council (NAC), in October of this year.

This group will assist NATO in determining the future of the cooperative command and control of air defense (including AWACS) and what the future acquisition and deployment of Patriot, follow-on to I-Hawk and aircraft interceptor mixes will be. The NACD will be comprised of two organizations—one for command and control and one for weapons. The systems will be developed nationally to Shape requirements as they have been in the past, but it is intended that less duplication and discord will result from a more uniform initiation of systems.

Let me now turn to the Rapid Deployment Force (RDF). This capability, that the U.S. needs for meeting force requirements in trouble spots thoughout the world where our vital interests are threatened, poses some unique air defense problems for us. For these contingencies, strategic mobility is often of equal or greater consequence than battlefield effectiveness. If we cannot "rapidly deploy" the item, then its utility is diminished. For this reason, we are placing emphasis on Stinger, Chaparral, and Vulcan, all of which can be carried in a C-130.

In this regard, the recent Congressional action to improve the Vulcan with a modification to the tracking capabilities is a step in the right direction. We intend to continue to upgrade Chaparral for night use with a FLIR and think that a limited all-weather modification based on a variant of the Navy RAM is desirable and affordable. These interim capabilities, together with intercept aircraft, will be effective against the less intense air attack that we expect to see in non-European theaters.

As with other major mission areas, we have a tough affordability problem in air defense. We have been trying to balance our desire to modernize, with a renewed emphasis on readiness. Readiness has been victimized for many years by inadequate spare parts, training devices, maintenance checkout equipment, etc. During the last five or six years, we have committed about 15 percent of the Army's resources towards air defense. We are continuing at about that level even through we are attempting to field a new tank (the XM-1), a new fighting vehicle (the IFV), a new attack helicopter (AH-60), and utility helicopter (UH-60). The coming to fruition with the start of production of three major new air defense systems, Patriot, Roland, and Divad causes a problem which is difficult in fiscal year 1981 and threatens to become even more acute in the immediate future. The Army and OSD have been working very hard to solve the problem of how best to carry these systems into production. We must work within the realistically limited resources which reduce the quantities which can be procured and the increased unit costs which are incurred when production rates are lowered.

Our 1982 budget is not yet final. We may well have to defer production on some of the systems for the reasons I have stated.

As I previously mentioned, I am pleased to be here and will answer any of your questions that I can. Your help with these difficult problems will be appreciated.

STATEMENT OF HON. WALTER B. LaBERGE, PRINCIPAL DEPUTY UNDER SECRETARY FOR RESEARCH AND ENGINEERING, DEPARTMENT OF DEFENSE

Dr. LaBERGE. I would like to be sure the members understand the process that we are now discussing, particularly that the budget for 1982 will be submitted in January, that it has gone through a series of discussions, starting with a set of ground rules known as the Consolidated Guidance, and following from that through program submissions by the services, which have been discussed and preliminary decisions have been made. However, it is very clear that we have about 4 months yet to go before we submit the budget and a considerable amount of work is intended to be done between now and then.

I will respond to questions on each and all of the items, but would like to give a little bit of an overview of why we end up the way we are.

Basically, in the Consolidated Guidance a decision to emphasize readiness of the force was articulated. A shift in the Consolidated

Guidance resources of about $5 billion, distributed more or less equally, but actually a little more to the Air Force than to the Army, from modernization to readiness resulted. Some of this shift was altered during the process of deliberations on the budget that is now being sent to us.

The basic issue is a shift to readiness, with major support by the services. All of the services very much support the emphasis on readiness, and the interior detail of which programs get stopped or delayed if, in point of fact, you're going to shift your resources in a budget away from modernization.

I am one of the people who provides inputs to what is recommended by Harold Brown to the President. As I will discuss with you today, in the main I understand and support a number of the progam changes. I may not in detail support each one. In any case, the emphasis has been on how do you get a major readiness increase and not how you cut an Army need for land warfare. We are supporting XM-1. We are supporting IFV. We are supporting AAH. We are supporting Blackhawk. Some of them have taken small reductions, but in the mainland warfare is getting a substantial support.

Now, air defense is not being killed. It is a judgment, given the issue of do you want KC-10's for transport of people; do you want roll on/roll off ships; do you want the items which relate to the projection of force and readiness, or do you want air defense.

We are not stopping Patriot. We are supporting Patriot at the level that is appropriate, and I will answer questions to that. But I was probably the senior official working that problem in detail, and I assure you in no way was the change in the Patriot program done to save money. It was done to make a more sensible program and implement it in a sensible sort of way.

From now through the end of the year we will be working the issue of how to get the most sensible overall air defense program from the resources that we have, especially if some money is freed up by the Patriot program not needing the resources previously planned.

Mr. DAN DANIEL. Dr. LaBerge, may I interrupt you just a second, please?

Dr. LABERGE. Yes, sir.

Mr. DAN DANIEL. You're talking about you're going to go with the Patriot. Why not both?

The Congress, I believe, might be a little bit ahead of DOD right at this time, as evidenced by the last budget action. Maybe you aren't asking for all you can get. I believe the majority of the Members of Congress feel now that we need to do some things that we're not doing. Maybe we're not going to have the constraints of last year and the year before. I don't know that to be the case, but I think at least we ought to try.

Dr. LABERGE. Yes, sir.

What is called the fiscal year 1982 budget here is really a line drawn at a point in a list of priorities. That line may well be increased between now and January by the President and by Secretary Brown. But we do not now have an absolute cutoff. What we have is an estimated cutoff consistent with today's view of what the budget will be.

I recognize what you say, that the funded level may well be lifted. If it were lifted just a little bit it would, in fact, encompass Divad.

Mr. NICHOLS. I believe the public sometimes is way ahead of the Congress, and I want to tell you this story because you are one of the planners that are going to put this package together.

Like most of the Members of the Congress, I have sent out a newsletter with a questionnaire in it, and I sent mine to boxholders in my district, 125,000, and one of the questions on the questionnaire was: List the one issue that you think is of prime importance to this country. Only one. And I listed education, unemployment, inflation, energy, and defense.

When I go home I hear all the problems about inflation. I thought I knew how they were going to come back. I was wrong. The largest majority of responses I got said that the defense of this country was their No. 1 concern at the present time.

When you get out and talk with people as I have done in the recent campaign in Alabama, person, after person, after person will tell you: "Don't you let the defenses of this country go down. We don't want to be No. 2, Mr. Congressman."

So I'm just giving you a grassroots report of what I believe to be the sentiment of the people that I'm talking to.

I thoroughly agree with what the chairman has said. I ask you why shouldn't we have a good Navy, a good Air Force, and whatever the Army needs for ground defense? I believe that the Congress is in a mood to provide that.

Mr. DICKINSON. Let me underscore and reemphasize what my colleague from Alabama has said. I agree with him.

I understand where the marching orders come from to DOD and I understand about how the budget is fashioned with direction from OMB. That's administration managed and dictated, and it's wrong. It is just wrong, whether we're talking about the figure that they're using for inflation or the emphasis that they put on what. Who they have in OMB that is dictating what our defense posture should be I don't know. They are faceless. As one of my colleagues said, they're the guys with green shades over their eyes and they're counting beans. They're flat wrong as far as the people in this country are concerned.

But one thing that you left out was chemical warfare. I'm sort of surprised at this because I think, like my colleague who is not here now, the gentleman from Missouri, who is retiring, the chairman of the R. & D. Subcommittee, that this is an area that we have been obscuring or ignoring, for whatever reason, and I know just as well as I know the Sun will rise tomorrow that if the balloon goes up, if we get into an all-out war, the Soviets are intending to use chemical warfare. We not only have no defense against it; we have no capacity, no viable threat, as a deterrent against it.

Are the administration and the Army just ignoring this?

Dr. LABERGE. Mr. Dickinson, I believe that we are waking up after a long period of being asleep on the subject.

Probably as strong as Chairman Ichord is in his beliefs, I am, I suspect, even stronger in sharing a concern about what you have desired.

Mr. DICKINSON. Why did you leave it out?

Dr. LABERGE. There are a number of major steps that we are taking. Some of them are fairly difficult. A typical example is: Do we slow down in any way XM-1 in order to make it able to have protection suitable for its people? The answer to that I think is no. We move as fast as we can to get the needed capability.

Mr. DICKINSON. You have cut down the production rate that you, the Army, and OSD planned 2 years ago. Secretary Duncan wrote us of the plan to go to 90 a month by June 1983. Now they've pulled the throttle back to 60 a month.

What do you mean, you're going forward full speed with the XM-1? You're playing games with us now when you say "We're going forward," and you cut back one-third on one of the most vital things that we have.

Answer that.

Dr. LABERGE. Mr. Dickinson, I may not have spoken correctly. But if the question——

Mr. DICKINSON. No, you didn't.

Dr. LABERGE. Sir, if your question——

Mr. DICKINSON. It just tears you apart.

I was the one who forced the Army to agree to a realistic production rate. I was the one who hammered and hammered and said, "OK, you want to build a tank. What's it going to cost? You don't know until you build, until you tell us what you're going to produce." So I dinged and hammered at everybody, and they finally came up with a production rate of 90 per month, and this year you come up with 60 per month, and now you come in, and if nobody knew about it would just accept on face value what you're saying that this is a full throttle thing and that we're going forward. It's not so.

What do we have that's more important? Go on and answer me, if you can.

Dr. LABERGE. Mr. Dickinson, your question, as I interpreted it, was what are we doing about the chemical business.

Mr. DICKINSON. Yes.

Dr. LABERGE. I said several alternatives exist. One is to slow down the production until we have a design which handles the chemical problem. The design does not now. But I had said no, we are not doing that. We are going forward. I evidently misspoke by pushing a button with respect to how fast we're going forward.

Mr. DICKINSON. You did.

Dr. LABERGE. What I meant to say was we are not trying to slow down to incorporate the chemical business, but we are, in fact, moving very rapidly now toward the protective systems. With the Congress help I believe we will move forward to the binary system, which I personally believe is a most important element in a credible deterrent posture.

Mrs. SCHROEDER. I just want to ask two questions.

You said that the sensible production of the Patriot was at a lower level. Right?

Dr. LABERGE. I'm not sure exactly of the words, but yes, that's it.

Mrs. SCHROEDER. And so you go from 12 to 6. Is that right?

Dr. LABERGE. Yes.

Mrs. SCHROEDER. What is the difference in the cost between the 12 and the 6, what was this group working with, and who was the group, and how many of the group were people from the Army?

Dr. LABERGE. The decision was made essentially by Secretary Brown after reviewing the results of the DSARC review. The DSARC is the defense systems acquisition review group that reviewed the status of the program at the latest milestone, which was a request for production authority. Patriot is being built in R. & D. quantities now. Five units were authorized for this year in a contract now being negotiated. Rather than ramping to 12 and 18 units in fiscal years 1981 and 1982 respectively, the recommendation was to set a baseline of 6 units in both those years and have the Army able to increase its production after it had demonstrated that the fixes, which were clearly necessary as shown in the test and evaluation, were implemented.

We are not slowing down for reasons of money. I have probably personally put——

Mrs. SCHROEDER. If I could just interrupt?

Does that mean it will cost the same amount of money for the 6 as the 12?

Dr. LABERGE. No. I would expect when we get the contract negotiated—we have not now negotiated it—that it will range between $50 million and $100 million less as a result of this probable reduction. The reason for hesitating on "probable" is that if the Army can successfully complete the tests by the end of the fiscal year we will authorize their ramping production up. But it's of that order.

Mrs. SCHROEDER. One of the things that I'm concerned about then is, as the gentleman from Alabama has been so good at pointing out, that it's hardly a weapon system that we're procuring at the most efficient rate, and I think what I hear you saying is that this is not being done at the most efficient rate of production, but you don't want to produce in any greater numbers until you finish the test. Is that right?

Dr. LABERGE. That is correct.

I believe the way you get to the field fastest is to fix the design and then build it fast, rather than building it fast and having to retrofit it. By the way, that comes from considerable experience.

Mrs. SCHROEDER. It basically went to Secretary Brown, and he ratified it?

Dr. LABERGE. Yes.

Mrs. SCHROEDER. In the DSARC how many people were from the Army and how many people were from the other services?

Dr. LABERGE. The OSD Assistant Secretaries and Under Secretaries constitute the DSARC. Presentation and recommendations were by the Army. The Army did recommend a more rapid acceleration than what the DSARC recommended.

I think it's a fair question for you to ask the Army, now that it has looked at it, whether or not what was decided was not, in fact, pretty sensible.

Mrs. SCHROEDER. So you had about a third of the votes, approximately?

Dr. LABERGE. Actually, there are eight principal members that sit in it.

Mrs. SCHROEDER. And how many of those would be Army votes?

Dr. LABERGE. They are all members of the Secretary of Defense's staff, no Army votes directly. But the Army was, in fact, the recommender and presenter of their position.

Mr. LLOYD. The point that Mrs. Schroeder makes is, of course, a basic point that Mr. Dickinson and I have worked on. I don't really know how we're going to achieve it, but we're going to have to mandate the most cost-effective production rate.

What I understand you to tell me is you're not really ready to build on a full production scale. Is that affirmative?

Dr. LABERGE. Today, Mr. Lloyd, we do not have sufficient data in the Army or OSD to turn on the full production rate.

Mr. LLOYD. As I understand it, you are not ready to go into production on Patriot now. Is that a true statement?

Dr. LABERGE. No, sir. What we are doing is authorizing limited production that allows the start of production.

Mr. LLOYD. Then if you're going to authorize production why not authorize it at the rate that you had proposed, which was 12?

Dr. LABERGE. Almost every program is planned to get material off of the production line so that one can test production units. You get various amounts of enthusiasm for how fast you ramp production up, depending on whether the thing that you're putting into production has in fact completely worked, or it has nearly worked, or ought to work when you get the fixes in. We're at the ought to work when we get the fixes in category, so we have picked a reasonable number to start off with and left a contingency for building up just as fast as we can if we show that we have the fixes in.

Mr. LLOYD. Does that mean, for instance, that you're going to have to change that hardware in the production line to any great extent as you put in the fixes?

Dr. LABERGE. Mr. Lloyd, we will put in the fixes that we know about today.

Mr. LLOYD. I understand that. And you will have other changes down the line. I understand that.

Dr. LABERGE. I don't know how much we will have to change. When we test it next time we will see what needs to be done. I cannot say whether it is substantial or little. I hope it is little, and therefore, we left a contingency to build the rate up.

Mr. LLOYD. Right now you and I are not communicating. I have been around production lines for a good, long while, having participated in my misspent youth working in the aerospace industry, have a little feel for getting production lines rolling, and I think I pretty well understand how it goes.

I am dissatisfied with the approach that we take at the present moment.

Why don't you take the money, then, that you are going to save in Patriot, since you're not ready to go into production, and use it to procure Divad, which will give you an air defense capability which you simply do not have now? Is that an unreasonable solution?

Dr. LABERGE. Mr. Lloyd, it's not unreasonable. It would be my recommendation to Secretary Perry to do just that. Whether that set of priorities maintains as we go up the line I cannot guarantee.

The next most important thing to the Army and to Secretary Perry is to get Divad some funding. It is, I believe Harold Brown's agreement that if we stay within the overall amount of money allocated to Army air defense we can propose to him a reasonable way to use that money for air defense purposes, rather than returning it for some nonair defense use.

Mr. LLOYD. I think, Dr. LaBerge, that you and I are in fundamental disagreement as to the methodology on how to get into production in the most expeditious way and for the least amount of dollars. I hope that I am wrong in that assumption, and I intend to pursue it with you on a personal basis.

But I do agree with my colleague, Mrs. Schroeder, and certainly my good friend, Mr. Dickinson. You can rest assured that not only in this committee but in some of the other committees around here this routine of killing programs by cutting the production rate or increasing the research and development program to where they become no longer of value—and I use the B-1 as a perfect example of how we manage to do that—is simply going to stop. It's going to stop because we on this committee are going to have to come up with some fundamental decisions as to whether we want soldiers to have equipment, and if we don't want them to have equipment then maybe what we ought to do, according to this chart, is shift them over to the Air Force or the Navy.

I think that what has occurred here—at least it has exploded on me, and maybe I didn't understand it as well as some of my colleagues did—but what has really occurred is you have had a philosophical change, a policy change, as represented to us over the total of these programs, inclusive of perhaps the things that my good friend, Mr. Dickinson, is talking about, and that needs to be addressed at other times. Right now I am trying to get some air defense in. This is my sole purpose right now. I want to get some air defense in for the Army. I am willing to fight for the other programs, accepting what you say about funding the AAH, funding the XM-1, funding the avionics and missiles and weaponry that is necessary to make the Army viable. I don't intend to make these people the equivalent of the Russian Army instantaneously. But I do agree with my colleague from Alabama that there is a great deal more interest in defense than I think perhaps there is an awareness of in the Pentagon.

Mrs. SCHROEDER. Mr. Lloyd, the staff wanted to make a followup point on your question.

Mr. WHITE. Mr. Lloyd, this relates to the question you asked about who makes the decisions earlier.

After the amended program decision memorandum process was completed in August, General Vessey, the Vice Chief of Staff of the Army, wrote to Russ Murray, the Program Analysis and Evaluation Assistant Secretary in the Defense Department, and said: We understand the funding limits that you have given to us. However, we have now found within the basic level of our budget some surplus funds and we would like to move Divad from the enhanced band into the basic level without increasing any additional funds. That was on the 17th of September.

On the 18th of September Russ Murray wrote back and said, "You cannot do that. That is in violation of the process. You have

no flexibility to move funds between the basic and enhanced levels even if the money is the same."

General Vessey appealed that, and Harold Brown wrote on September 20 to all the service secretaries and said, "You have no flexibility to move. The process is more important than your priorities."

Mrs. SCHROEDER. Gentlemen, I think one of the problems that we have is that the chairman wanted to quit at noon and reconvene at 2 p.m. since he had to leave earlier. So maybe, unless anyone has any questions, we should move on to hear what the general has to say.

Does anyone else have an urgent question?

[No response.]

Mrs. SCHROEDER. General, it's yours.

STATEMENT OF MAJ. GEN. JAMES MALONEY, DIRECTOR OF WEAPONS SYSTEMS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR DEVELOPMENT AND ACQUISITION, DEPARTMENT OF THE ARMY

General MALONEY. Mrs. Schroeder, gentlemen, in March I briefed the Procurement Subcommittee of the Committee on Armed Services on the Army Air Defense Program Plan '90. This is the Army's strategy for transitioning to a new generation of air defense systems that are capable of countering the growing threat. We discussed the air defense programs and our future air defense plans. At that time I stated that the plan represented an objective force toward which the Army intends to program and budget, subject to affordability constraints. I described the plan as being dynamic in nature, requiring periodic update to reflect any major threat, policy, or budget changes.

The committee made it clear in its report that it regards the Army Air Defense Program Plan '90—as modified by the Congress—as the basis of an agreement—a contract, if you will—among the Defense Department, the Army, and the Congress on a substantive, long-range program for Army air defense.

The basic premise of the Army Air Defense Program Plan '90 is to modernize the Army's air defense equipment which no longer can adequately meet the increasing Soviet air threat. Our current Army air defense systems were developed in the late fifties and early sixties. From that period to the present the Soviet air arm has shifted in capability from an essentially defensive force to a force optimized for offensive attack. Quantitatively and qualitatively in both fixed wing and helicopter the Soviet air arm has continued to grow. We now expect that Soviet aircraft will be able to carry heavier payloads, go to longer ranges and fly in all weather. Of even greater significance to our frontline forces are indications of increased use of the Hind and the Hip helicopters. Press reports show an increased use of helicopters in areas such as Afghanistan is occurring, and we expect a similar threat against our NATO forces.

Mr. DICKINSON. Does this come as somewhat of a surprise to you?

General MALONEY. Not at all, sir. This has been in our thinking for a long period of time, and that's why we have added research

and development programs that are now in danger of not being funded for procurement.

Mr. DICKINSON. I know we've been flying night missions and we've been practicing all types of things to counter the Hind. We're going to air-to-air combat between helicopters inevitably. But we're not making any effort to equip our helicopters to do this. But it's coming. For some reason we have our heads in the sand. But the helicopter is there to protect the tanks and to kill tanks.

General MALONEY. Sir, I agree with your point.

We have tested the Stinger in an air-to-air mode to give our helicopters some self-defense. We do have a program laid out to move in that direction.

The air defense programs that we presented in the Air Defense Program Plan '90 are critical for a balanced air defense. The Army has persisted in their relative priority and has not changed their ranking. Patriot, the first priority and keystone of the modernization program, is a long-range missile system which will replace the current Nike Hercules and Improved Hawk systems.

I will present a quick overview in the order of their priorities to the Army.

[Viewgraphs shown.]

Patriot, the first priority and the keystone of the modernization program, is a long-range missile system which will replace the current Nike Hercules and the Hawk systems. It has the capability to conduct multiple simultaneous engagements in the severe electronic countermeasures environment that we expect to encounter.

Stinger is the man-portable self-defense weapon needed to replace the aging first generation Redeye system. It provides front-line combat units the capability to engage approaching or receding enemy aircraft.

The division air defense gun, next in our priorities, was developed to provide air defense against the increased helicopter and fixed wing threat that faces our forward elements. It would go along with the XM-1 tank and the infantry fighting vehicles to provide them air defense. Divad, with its longer range, armor protection and greater mobility, replaces our current aging system, which cannot provide adequate air defense for that rapidly moving armored force.

The Improved Hawk system is undergoing a modification program to make its low- to medium-altitude capability better in a moderate electronic countermeasures environment. Hawk will remain in the force in limited numbers until Patriot is fully fielded.

I don't have a slide on Grassblade. This was mentioned by Mr. White earlier. This is a classified Army program requiring special access.

Chaparral is the Army's short-range, passive infrared homing, air defense missile system. Improvements that we have programed for it include the forward-looking infrared device, which will increase the system capability at night and in degraded weather. It is currently a visual system.

All weather, short-range air defense for rear area installations is provided by the Army-developed U.S. Roland. This is an interopera-

ble American manufactured derivative of a French/German system. This is an important NATO RSI program.

I would like to impress on you that the Army in developing its budget did not "gold watch." We did not unfund programs because we knew they were show stoppers. We, in fact, were honest in our prioritization. But the Army has suffered a severe shortfall in dollars. This insufficiency in total obligation authority, or TOA, severely curtailed the Army modernization effort and, if it stands, will result in large deviations from our earlier plans. The dollars simply did not permit funding of the needed air defense programs. If we don't fix the problem we'll have a serious gap in our air defense system.

Mr. LLOYD. Don't you think a gap exists now?

General MALONEY. Yes, sir, I do. The gap is there now, and the gap will remain, ever widening, as the Soviet capability increases.

Mr. LLOYD. Do you agree with Dr. LaBerge that we have to get the Divads in?

General MALONEY. Oh, yes, Mr. Lloyd, very strongly.

Mr. LLOYD. One specific solution to the immediate problem is to get Divads moving along. Is that correct? At what rate would you like to have it?

General MALONEY. We would like to have Divad procurement production begin in 1982.

Mr. LLOYD. But at what rate do you want them? How many units would you like to have, and at what funding level? You were, I believe, at $140 million, and you have now cut that to what?

General MALONEY. Sir, the President's budget had about $95 million requested.

Mr. LLOYD. We voted $140 million.

General MALONEY. Yes, sir. The authorization committees have authorized that. Currently it's at $95 million.

Mr. LLOYD. It's at $95 million?

General MALONEY. Yes, sir.

Mr. LLOYD. Would you like to have $140 million?

General MALONEY. It would certainly be executable, and we could use the additional money, yes, sir.

Mr. LLOYD. If we were able to work it out in the processes up here on the Hill of both the authorization and appropriations, the House and the Senate, and we did come up with $140 million would you go over and say to the Senate side, "Hey, we really don't want that money. We're not willing to ask for it"?

General MALONEY. No, sir, I would not say that.

Mr. LLOYD. In other words, you would say, "If I can have it, if you are willing to work with me on it, I want the $140 million." Is that what you would say?

General MALONEY. Yes, sir.

Mr. LLOYD. That's all I wanted to hear.

Mr. DICKINSON. Are you familiar with the chart that the staff has showing the projections for the budgets? Do you have it before you?

General MALONEY. Yes, sir.

Mr. DICKINSON. Do you differ or disagree with the accuracy of it?

General MALONEY. No, sir. I believe it looks generally correct.

Mr. DICKINSON. It shows the Army is really falling behind, projecting into the future as far as 1986, by a quantum amount. The chart, as far as you know and believe, is accurate?

General MALONEY. Yes, sir.

Mr. DICKINSON. So if I may be speaking about the chart at some future date I won't have to hear a word about somebody saying that's not correct, as far as you're concerned, the figures that we have taken?

Incidentally, the figures that are used in the projections here are DOD figures. But you were talking about the bow wave, and it's even worse than we've been told in the past, it would seem, and there is a disproportionate split between the services whether we're talking about shortfalls to the Army or increases for the other services.

It would seem to me that there has been a conscious decision that we are not going to be faced with fighting a land war that we are not going to be faced with fighting a conventional war as we have in the past, so we've got to go to another type of defense. That's what these figures indicate. Is that right?

General MALONEY. Sir, I would say that that policy decision in those words has not been communicated to the Army. However, the Army is very seriously concerned with the projections of decreasing TOA as a percent of the overall Department of Defense budget, and feels that the budget falls very short in the modernization area particularly, and has so stated.

Mr. DICKINSON. General Maloney, let me say this as just an individual personal opinion: I think that the Army for a number of years has not adequately represented itself, or whoever advocates the Army's position has not represented his constitutency as well as the other two services. I have felt this for some time, that this is the end result or the product of it. I don't think that the Army's position is adequately presented. I don't think that the Army comes up here and does the selling job that is necessary in comparison to the other two services. Perhaps this is also true within the administration.

I really think a selling job is necessary, that the Army's voice needs to be heard, that the justifications need to be forthcoming. I don't think the Army has done as good a job as the other two services, and I think that this is the end product that we are seeing.

Mrs. SCHROEDER. With that, we're going to have to adjourn until 2 o'clock this afternoon.

[Whereupon, at 12:11 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION

Mr. DAN DANIEL. The subcommittee will resume its sitting. Did you have anything you wanted to add at this point before we commence the questions?

General MALONEY. One note, sir, of clarification, I believe, of a discussion we had toward the end of the morning session, which had to do with placing money in the Divad gun program. There was some apparent confusion about fiscal years. There was a discussion that mixed fiscal year 1981 and fiscal year 1982.

Mr. DAN DANIEL. Would you clear that up for the record, then?

General MALONEY. Yes, sir. I would be pleased to.

The 1981 issue is a question of whether the Divad gun program could absorb approximately $45 million additional, were that money to become freed up here on the Hill during deliberations concerning the 1981 budget.

The Army view is that were that money to be placed in the Divad program that would be a very prudent and reasonable thing to do. The program, in fact, when it was submitted by the Army was of greater magnitude than that. So we could very well use those dollars.

The 1981 issue also has to do with what would be the source of those dollars. There is a question concerning excess funds in Patriot that may not have been fully explained this morning.

In fact, the Secretary of Defense decision on Patriot says: Army, you may buy six Patriot in 1981, and is silent concerning additional Patriot. However, Dr. LaBerge clarified that this morning and indicated that above those six there might be an opportunity for further investment, should the Patriot program show that it has demonstrated technical performance that would allow that.

Therefore, the Army would hope that the committee would consider that the Army's first preference would be to leave that money in the Patriot program so there would be an option to raise the Patriot production rate up.

Mr. DAN DANIEL. If the problems are solved.

General MALONEY. Yes, sir.

If, however, it is the Congress view that right now that money is in jeopardy and might be lost in other committees, and the Army would agree, that it is a very prudent thing to place that so-called excess money in the Divad gun program.

Mr. DAN DANIEL. I would not think you would want to discuss those problems with Patriot in open session. If there is anything that you would like to add for the record, please feel free to do so.

General MALONEY. All right, sir.

Mr. DAN DANIEL. Dr. LaBerge, did you have anything additional you wanted to add before we commence with the questions?

Dr. LABERGE. No, Mr. Chairman.

Mr. DAN DANIEL. General Maloney, how much money do you need above the $47.3 billion to keep the modernization program on schedule?

General MALONEY. Sir, if the $47.3 billion I believe represents the dollar amount in the APDM——

Mr. DAN DANIEL. That's the current base level, yes.

General MALONEY. Yes, sir.

Mr. DAN DANIEL. The current base level is $47.3 billion, as I understand it.

General MALONEY. The Army would need approximately $2.1 billion more than the current base level to achieve the modernization programs that have been on the books for some time.

Mr. DAN DANIEL. How much?

General MALONEY. $2.1 billion, sir.

Mr. DAN DANIEL. Could you be a little more specific, General, and list the programs that are underfunded, unfunded or underfunded, either one?

General MALONEY. Yes, sir.

Of course, we have mentioned in session today the air defense programs which are unfunded. They are the division air defense gun, the Roland. They make up close to $800 million. There are a number of other programs, and I have an informal list to which I would like to refer. I must say, sir, that I have not staffed this list. It's kind of a hip pocket list of my own, but I believe it is reasonably accurate.

Mr. DAN DANIEL. If you prefer to staff it and then provide it for the record it will be all right. But we need to have it.

General MALONEY. All right, sir. I would prefer to provide that for the record.

Mr. DAN DANIEL. All right, fine.

[The following information was received for the record:]

General MALONEY. The $2.1 billion is the procurement funding required for the following unfunded programs that are essential for the Army's modernization effort:

MODERNIZATION—UNFUNDS

[In millions of dollars]

System	Fiscal year 1982 procurement	Remarks
Divad Gun (Division Air Defense Gun)	$410	Divad Gun System is designed to operate in forward battle area with tank forces. Provides funds to procure an additional 50 Fire Units.
Roland Missile System	575	Short range Air Defense System completes buy of 2 bn of 36 Fire Units.
Patriot Missile System	160	High to Medium altitude missile system to replace I-Hawk and Nike-Hercules. Provides funds to procure an additional 4 Fire Units.
Combat Support Communications	30	These funds will procure additional Combat Net Radios (AN/VRC-12 and AN/PRC-77, TD-1289 multicouplers, and HF Radio for more armored cavalry units, AN/TRQ-35 HF sounders for an additional corps, additional telephones and transmission equipment to better support TRI-TAC switching, and spare parts.
Blackhawk/Sotas	85	Carries Cbt loaded squad. Also, platform for standoff Target Acquisition System.
M60A3 Tank	210	Mods M60 tanks-M60A3 will remain front line tank until XM-1's inventory increases.
Recovery Vehicle, M88A1	147	Only Vehicle capable of supporting today's tank fleet.
TRI-TAC	55	Provides funding for the TRI-TAC Communications NODAL Control Element (CNCE). The CNCE is a secure analog/digital automated tech control facility, providing the command and control functions necessary for the Army's tactical communications switched system.
Army Comsec	8	Provides funds for securing some of the tactical FM communications nets in the 0-30 day force.
GMF Satcom	12	Buys 59 to 130 required tactical single channel satellite terminals for the Rapid Deployment Force (RDF).
Tactical Signal Intelligence Equipment	71	Funds product improvement of semi-automatic communications intercept and location system. Relative advantage in early identification and location of enemy.
Grass Blade	103	Program content is SECRET—Limited Distribution.
Tactical Communications	101	Procures digital phones, facsimile and record traffic terminals required to upgrade modernize Brigade through echelon-above-corps level.
Satellite Communication Terminals AN/MSC-65.	25	Provides the 16 Division Force with multi-channel communications that are highly mobile, flexible and jam resistant.

MODERNIZATION—UNFUNDS—Continued

[In millions of dollars]

System	Fiscal year 1982 procurement	Remarks
XM-1 Tank ENH	107	Funds the procurement of MOD kits to retrofit XM-1 Block improvement to tanks already procured in the field.
Total	2,100	

Mr. DAN DANIEL. Would you address that a little bit and tell the committee what you need above the budget request for the air defense program?

General MALONEY. All right, sir.

Let me hit them one at a time.

For the division air defense gun we believe that a level in fiscal year 1982 of about $400 million is required for the Divad gun. $410.1, I believe, is an accurate figure. As you know, sir, this level is currently not funded within the Department of Defense.

Mr. DAN DANIEL. Is that all we're talking about now so far as air defense is concerned?

General MALONEY. No, sir. The Roland program would be next. The Roland program requires approximately $500 million, sir, about $500.3 million.

Mr. DAN DANIEL. What is the Army's attitude now toward Roland? We've been up and down the hill several times on this.

General MALONEY. Sir, our attitude toward Roland has not changed. The Roland system is required for all-weather, low-altitude air defense around in the rear of our zone in Germany. We intend primarily to use it in air base defense. We would also use it around supply complexes. It is required. It is one of the major air defense modernization programs, as I indicated in my opening remarks, the lowest in priority. However, the Army does want the Roland program. The question is one of affordability, the dollar stretching to cover the program. So it's the lowest rung on our ladder. But we feel strongly that it is required, and our view of the Roland program has not changed, even though it may appear to the Congress that because of our strong effort last year followed up by a failure to fund it this year priorities have changed. That is not the case. In fact, we strongly want that program and feel that it is very much justified.

Mr. DAN DANIEL. If $400 million is available for application to Roland and Divad, which funding profile is consistent with the Army priorities? Fund only Roland, fund only Divad, or split the funds between the two?

General MALONEY. Sir, we would fully fund the Divad gun first. Since we feel that $410 million is required for a full funding of the Divad program in 1982, that money would all be applied to the Divad gun.

Mr. DAN DANIEL. Dr. LaBerge, I have two questions I would like to have you respond to, if you will, please.

Is the proposed fiscal year 1982 Army budget, and the air defense budget in particular, adequate in your judgment?

Dr. LABERGE. Mr. Chairman, I personally would not have adjusted the priorities the way they are adjusted. I recognize that those people who have a purview of all of the problems are likely to have

a different viewpoint than myself, who, I admit, is a partisan person on the issue. I would like to have more air defense funded.

Mr. DAN DANIEL. Could we go back to our earlier discussion and see if we can clear up this business about priorities as between the services?

When you have the Navy and the Air Force increased by more than $10 billion and the Army increased by less than $5 billion, how do you rationalize or justify that?

Dr. LABERGE. Mr. Chairman, the judgment is not made on a service-by-service issue, but rather by trying to take the budgets of each of the services, which are arranged themselves in priority, and meshing them together. The judgment of the needs of the force structure, and the like are done by the services and by the OSD staff. Ultimately Secretary Brown makes the judgment. It is not looked at as an issue of how much should each service get. In fact, I have not seen a rack-up which consciously said the Army got so much, or the Marine Corps or the Air Force got so much. Rather the debate was more an issue of "Did you need KC-10's more than you needed, say, full Blackhawk production or Roland?"

Mr. DAN DANIEL. Does the high incidence of the requirement for invested dollars have anything to do with this? The Army obviously is more manpower intensive. Would that be a factor?

Dr. LABERGE. Mr. Chairman, I don't believe so. The factors principally are readiness first, which commandeered a fair amount of money, and had a substantial reduction to the modernization program, and then a picking and choosing amongst the modernization programs as to which were the most important.

Although I don't share the view of the way it came out in detail, it was a judgment of a modernization program which needed some cuts in order to fund a readiness program.

Mr. DAN DANIEL. Secretary Brown and Secretary Claytor served in the Air Force and Navy as secretariats prior to serving in their present positions. Who is the highest ranking official in the OSD who has seen service in the Army secretariat?

Dr. LABERGE. Mr. Chairman, I would suspect I am as the principal deputy to the Under Secretary.

Mr. DAN DANIEL. I didn't ask that to embarrass anyone, but it's just a human thing, I think, for people to give more attention to those things they are most familiar with. I do, and I'm sure that most other people do.

Dr. LABERGE. I share your belief, Mr. Chairman, that people are affected by the backgrounds that they have lived. We all are slightly different in our perceptions of what is necessary. I probably share an Army background as a result of having lived with the Army for 2 years.

Mrs. SCHROEDER. Is there some new way to get equipment to Europe that we don't know about so we don't need air defense? I don't understand how we can get C-5's into Frankfort without some kind of air defense, and it appears to me that that's what we've cut out. I think air defense clearly has to be one of the very pivotal priorities.

Dr. LABERGE. Mrs. Schroeder, both General Maloney and I each would like to answer.

We all have a set of priorities. Mine are first to fix Chaparral by giving it a night capability, and that is in the budget. I would also like to fix Chaparral with a new seeker, and we are proposing to do some of that. I would like to get the Hawk, which is in the field now, and in numbers, modified. We have three series of program improvements which will be funded, the third of them in great measure because of your support.

My set of priorites is to do those first then to get Patriot as soon as one can—I continue, this morning,) hold that we're doing that—and then if something has got to go to pick the ones that we have picked to delay.

Now, I personally believe we are going to be able to find a way to go forward with Divad at some level.

Mrs. SCHROEDER. Let me ask about Divad because, sitting on Research & Development, we were under the impression that this was a really good program, hands on, skunk works, and we thought we had a very effective mechanism that was much cheaper than missiles and that there weren't any problems with its development, that it was really ready to move intc the production stage.

I see Divad as being very seriously needed in that whole European scenario, and somehow it is getting derailed.

Do you think, people understand the need for missiles more than guns, or they don't believe it, or the system won't really work, that we were told the wrong thing, that the off-the-shelf hardware wasn't going to be as capable? Were there any reasons given as to why they zeroed this item?

Dr. LABERGE. Mrs. Schroeder, there are two different delays that Divad has had, one that I very much believe in. One was to slow the program down a bit, and that was done last year. I believe the program manager, who is here today, would agree that was probably a sensible thing to do. I believe Divad is now ready for production and there is no good reason, other than fund availability, to stop that program. It has been successful in its test program, it will be a good operational system. The shortage of funds is an issue of where the President and Secretary Brown draw the fiscal year 1982 funding line. If they draw it a little bit higher than where people are guessing it is today, perhaps influenced by you, Divad will be fully funded.

Mrs. SCHROEDER. Would you agree with that, General, there's nothing wrong with the gun, that they're ready to go full speed ahead?

General MALONEY. I would certainly agree that the Divad gun has done very well in testing and is moving with great speed through the development cycle, which was innovative and had two manufacturers in competition. That's working beautifully. There are no technical reasons for delaying this program. The reason for delay is simply dollar availability.

I would like to double-back to your first question, Mrs. Schroeder, if I may comment on that.

We too are very concerned about air defense being deployed forward because there will have to be massive airlift and sealift as a war might progress. Therefore, we deploy most of our air defense forces in Europe on the ground. We have great concern for defense of the airfields and the supply areas, and we have air defenses on

the ground there now. We put as much forward as we possibly can, with due regard to having a small rotation base in the States. But as the new systems come in, for example, Patriot, Patriot's earliest operational deployments will be in Europe to counter the jamming aircraft threat.

So we are very much concerned about this aspect of the program.

Mrs. SCHROEDER. But you agree that we're way behind in air defenses in Europe? We haven't kept up to date with the new technology in those fields?

General MALONEY. No, we are not doing well. We are well behind the power curve. We need to modernize the air defense forces, and the rest of the Army, for that matter. But most seriously hit by the shortfall of money is the functional area of air defense, as I think Dr. LaBerge has stated.

Mrs. SCHROEDER. When OSD took this money away from you did they tell you what you were getting or what the other services were getting instead? Was it the RO/RO ships? Was it the Rapid Deployment Force? What reason did they give you for reducing these programs? I realize they're not set in cement yet, as they appear to be juggling the figures. Do you have any idea where that's going to go?

General MALONEY. No, ma'am. There was not an audit trail provided to the Army as to where the money was going.

Mrs. SCHROEDER. Aren't you rather interested in that?

General MALONEY. We are terribly interested, and there is a very strong dialog internal to the Department of Defense in this area. Our Chief of Staff has been very, very concerned.

Mrs. SCHROEDER. I appreciate that, and I would say that we're going to join in a very strong dialog with you.

Dr. LABERGE. Mrs. Schroeder, might I comment on the data that surely will be made available to General Maloney and the Army? Your staff's data are far better than I have myself today. The budget material which has been provided was due on the 15th of the month and is still coming. So the fact that General Maloney doesn't have it matches the fact that I don't have it in detail either.

Mrs. SCHROEDER. We all compliment the staff; I think they did a very good job.

Mr. LLOYD. Will you, say, recommend that the moneys from Patriot which are not used be applied to Divad?

General MALONEY. Sir, first of all, the Army recommended that we go into production at a rate of 5 Patriots in 1980, 12 in 1981, 18 in 1982. That was the Army's judgment. The Secretary of Defense memorandum lowers that ceiling to 5 in 1980, 6 in 1981, and now, as Dr. LaBerge has indicated, a possible option to increase it in 1981, and 12 in 1982.

The Army would like to have the option to increase the Patriot funding in 1981, increase the production rate in 1981 from 6 upward. If, however, those dollars might not survive going through the committees—and, of course, the Senate Appropriations Committee has still not voted—if that were to be the case, then the Army would much prefer that that delta moneys above the 6 in 1981 be placed in the Divad gun, and the Army would agree that that is a prudent decision to make.

Mr. LLOYD. Dr. LaBerge?

Dr. LABERGE. Mr. Lloyd, if we're talking about moneys in the order of $50 million to $100 million, I surely would agree that they should go to pursuing the Divad. If we talk to the question of this morning of $400 million or so, then you really have to walk through the issue of whether or not you intend long-term to continue Roland or not.

If you intend a long-term continuation of Roland, then some small portion of the money available, I believe both the Army and we would agree if we looked at it, would be sensibly spent in not abandoning that program. Clearly the emphasis should be first on Divad.

Mr. LLOYD. I won't take any more time. I have more questions, Mr. Chairman, but I'll yield.

Dr. LABERGE. Mr. Lloyd, could I just make sure you understand that that will be my recommendation and I believe it will be Dr. Perry's recommendation?

Mr. LLOYD. I understand. Your recommendation then goes to Dr. Perry. Right?

Dr. LABERGE. Yes.

Mr. LLOYD. And then Dr. Perry would, in turn, speak to Dr. Brown?

Dr. LABERGE. Yes.

Mr. LLOYD. I'll follow up on it and I'll speak to Dr. Perry too.

Dr. LABERGE. It's not Dr. Perry who will be the problem. There are essentially other issues from the other staff members besides Dr. Perry which will play in the choices I suspect.

Mr. LLOYD. Where do we stand on Roland? Are we really going to make it go, or are we going to quit? I know that we at one time recommended that we discontinue the program because of the tremendous cost.

Is Roland a viable entity at this point, given the priorities you've been addressing?

Dr. LABERGE. Mr. Lloyd, I just do not know. It is high on, if not almost out of, the Army's priority system. It is viewed by them as important, and I just don't know how we are going to work it out over the next 2 or 3 months.

Mr. LLOYD. What about the problems with the Germans?

Dr. LABERGE. I believe we will have a significant reaction to working together and then deciding to quit. But at some point in the priority judgment that is less important than some other things.

Mr. LLOYD. I know that they felt very strongly about it. It was good politically at one time. It even looked like it was a viable option in the air defense situation. Whatever the reasons were, it began to drop in priority and it fell to a point where we saw that it just simply didn't look like it was going to make it and there were other things that were really more important, not the least of which was Divad, which we need now because of the air defense situation.

The fact remains that we need the capability that Divad can provide and we need it now. So I think that it's imperative that we go forward with it, even given the priorities.

Mr. WHITE. We discussed earlier this morning that the 1982 Air Defense program has been reduced from $1.9 billion, the January 1980 estimate, to a present profile of $800 million for 1982. As we went into great length with General Maloney, the committee effort to establish a long-term air defense plan was an effort to move away from micromanagement toward multiyear snapshots of where the service is going. The idea was for the committee to evaluate the comprehensive program, discuss the holes in it, reach a contract with the Army and then stay with it.

Very obviously, that kind of arrangement seems to have lasted less than a year. From a comprehensive long-range plan we now find that the Army is confronted with a situation where there is literally no air defense plan left in this funding profile. Dr. LaBerge suggested that the way the budget was put together did not contemplate any service balancing.

What, then, would explain the profile of funding that we see over the 5-year period, in your judgment? Either there is an inherent strategy that is reflected in this funding profile or it is an accident of competing personalities. What is the inherent strategy here which justifies foregoing Army modernization?

Dr. LABERGE. The basic shift in strategy—if you wish to call it that—is a recognition of two or three dominant issues.

The first is the need to improve the readiness of the services to fight today. That generally means increased stocks of spares, war material, ammunition of certain kinds, and the like.

The second issue was the emphasis on the ability to project those forces from where they are resident, primarily in the United States, to the places where you might choose to wish to use them: Central Europe, Korea, or the Middle East. So we had a major emphasis toward the transportation issue.

The third issue was the pre-positioned stores, where we added to the stores already contemplated for Central Europe, stores to be carried in the pre-positioned ships. That represents a significant shift in the dollar moneys and was not addressed as to which service, but how do you do those things.

Now, simultaneously with all this, there was a major effort to get an augmentation of our strategic nuclear forces in two ways, both of which happen to be in the Air Force: A major program for MX; and a major program for cruise missiles. When you finish doing all that, what comes out is the budget inequity that you described, if equity is what you had last time.

Mr. WHITE. We are confronted with the situation of the Army is the least modernized of the three services. They really have not introduced a major system in at least 15 years. The air defense technology is 1950's or early 1960's at the latest. The so-called shift to readiness is really a cover for deferring modernization. It sounds like a dialog in the Polish cabinet in 1937 and 1938—as somebody might have said: "We need to concentrate on near-term readiness and buy more oats for our horses, rather than going to track vehicles."

At what point in time, since it is not reflected in the 5-year plan here, then, do we address the fact that you have to transition this Army from horses to track vehicles, that you have to move out

those systems of the 1940's and 1950's and modernize them? It's not reflected in this 5-year plan.

Dr. LABERGE. Mr. White, I need to respond without antagonizing you, but you and I would agree that there are many things which are, in fact, happening.

The Stinger is quite a modernization weapon with capabilities beyond weapons which we have or the ones that the Soviets have. We have attack helicopters that are very substantial.

What we have not been able to do is to do all of the things that you and I together believe are important to do in the area of air defense. A judgment was made by a bunch of people that I believe to be both competent and honest that, given the strategic problem, the readiness issue, and the transportation issue, what they came up with was their best view of what ought to be done.

Now, it is subject to the audit now going on. Additional moneys, are being identified where people had found that they had overcosted things. Unfortunately, the budgets are also coming in with underages. So we are, in fact, going to do a fair iteration, as well as look at where the line ought to be drawn.

Let me just lastly say I've been overly hard on Roland. Roland is something that really ought to happen, and would happen except for this particular emphasis that we show, and in no way do I believe that that is an unnecessary weapon. I just state the obvious: that it just is not of high enough priority in the minds of the people who are making the judgments.

Mr. WHITE. Did I understand you to say a little while ago that product improving Chaparral to put the FLIR on it, and perhaps eventually to go to the Post-Seeker, and upgrading I-Hawk ranked ahead the deployment of Roland in your personal ranking of priorities?

Dr. LABERGE. To the deployment of Roland?

Mr. WHITE. Yes.

Dr. LABERGE. Yes.

Mr. WHITE. Let me talk to you, General Maloney, just for a second about the possible Patriot surplus.

Dr. LaBerge has made a couple of references to $50 million to $100 million being freed up if you hold the program to six Patriots in fiscal year 1981.

Would you validate that number for me?

General MALONEY. Mr. White, I cannot validate that number. I knew that this would be an item of interest and dug into what number was an appropriate one to surface to the committee today.

Because of the ongoing negotiations for the Patriot contract in fiscal year 1980, we simply do not know what the cost of the program will turn out to be in fiscal year 1981, and, therefore, we are loathe to surface a number that might indicate a possible surplus in the program above the six fire unit cost.

I would, however, based on my own judgment and understanding of the program, be comfortable with a figure of not to exceed $45 million, which I understand is the delta between what the authorization committees have indicated for the Divad gun and what is currently allowed to it by the House Appropriations Committee. So I would agree to a figure of $45 million.

Mr. WHITE. In so doing, are you confident that you are reflecting the consensus of the judgment of the Army leadership on that, or is that your own personal opinion?

General MALONEY. As a matter of fact, I am not confident of that. That is my own personal opinion, based on my understanding of the program.

Mr. WHITE. I would like to discuss the context of the exchange of memorandums between General Vessey, Mr. Murray, and Secretary Brown during the last couple of weeks of September. The question is whether or not the Army has the freedom to reprioritize within the basic level approved in the APDM process, and to move Divad down from the enhanced band of the budget into the basic level, with at least some funding? That effort was made by General Vessey. As I understand it, Mr. Murray said that that was a violation of the ADPM process and was not permissible. Essentially, Secretary Brown echoed that position in a letter to the Secretaries of the three services, stating that if they attempted to move programs down from the enhanced band into the basic or minimum bands that would be in violation of the process ground rules.

Would you explain how that process works and whether the services, have any freedom to move within bands?

General MALONEY. Mr. White, I would be very pleased to discuss that process. If you don't mind, I would prefer not to discuss the memorandums. But I will give as accurate a portrayal as I can.

Mr. WHITE. Discusss it in terms of the principles established by each.

General MALONEY. OK.

The Army put the Divad in the enhanced level in our Program Objective Memorandum 82-86 because of the funding constraints that we've talked about so much here today. We stated at that time emphatically that additional TOA was needed to allow funding of the Divad and other procurement programs.

When the Office of the Secretary of Defense reviewed the program memorandum they did not provide additional funding, and directed that the Divad gun be placed in the enhanced level in the Army's budget submission.

As we prepared our budget submission, we found that because of some OSD programmatic reductions elsewhere in the personnel programs some funding was available. So since the Divad gun was the first item outside of the funding zone in our priorities we eased it up into the funding level, not to a full funding rate by any means. But we wanted to show our commitment to this program and, therefore, did this.

OSD did not agree. We felt that this action was in accordance with the ground rules within the Department of Defense, and we so stated in writing. OSD did not agree with this, and we were directed to take the gun out of the funded zone. We objected to our removing the gun and, in fact, indicated that if it were to be removed this should be done during the process by OSD.

Mr. WHITE. Was that objection on the basis of a lack of program merit or simply that it was a violation of the process?

General MALONEY. There has been no particular disagreement on the program status. There is disagreement concerning the merit.

The Army clearly feels this is a highly meritorious, highly needed program. There are elements within OSD that do not agree with this.

It was not entirely clear whether this guidance was based on a judgment of merit or a judgment concerning the process. But certainly the direction had to do only with the process.

The Army will make this a very significant issue during any further dialog concerning the fiscal year 1982 budget.

Dr. LABERGE. I think it is important to understand why the process is sensible.

Basically, we go through a series of reviews to see what are the programs we wish. We do not establish a level for the Air Force, or a level for the Army, or a level for the Navy. We say what are the programs, we agree, and the decision ultimately comes out of the Secretary of Defense in program decision memorandum, the APDM. Then the instruction is to go to cost, the sum total of the decisions in the APDM. The services and the Army with my support while I was Under Secretary of the Army costed a whole bunch of different things. When OSD got the budgets nobody could sort out what it was they had. So there was a dictum: Don't change the decisions. Go cost what was in your APDM. That was not followed by the Army this time in the case of Divad, and that's what led to the interchange of memorandums. In hindsight I think it probably would have been better done by the Army with a very vigorous letter saying that we costed the decision but we don't think it's sensible, as opposed to changing the costing basis. The Army will get a major opportunity several times to speak to the Secretary of Defense before this budget goes to bed.

General MALONEY. If I might respectfully disagree on one point with Dr. LaBerge?

We do very much perceive in the Army that there is a funding level that is of great importance, and that describes those programs that are likely to appear in the budget. Those that do not make it into that funding zone would not appear in the budget and, therefore, would not be funded, and, therefore, some kind of drastic action would have to be taken.

So perhaps we have misperceived this, but I think there is a clear Army perception that the TOA, the total authorized obligational authority, is of transcending importance.

Mr. WHITE. Thank you.

Dr. LaBerge, it's been very clear from this session today that, given an either/or choice, Divad ranks significantly above Roland in the Army's priorities. We are all very much aware, however, that Roland has very significant RSI international and political implications.

Could you give this subcommittee assurances that Roland will not be funded in the 1982 budget to the exclusion of Divad and in rejection of the Army's priorities?

Dr. LABERGE. Mr. White, I cannot give you that assurance because I am not the person responsible for making that decision.

I would also remind this committee that the comparative merits of Roland and Divad sort of depend a little bit on who is getting shot at. The Army does need Divad up front where its soldiers are and very much needs support for them. The Air Force feels that it

needs air defense around its airfields pretty badly, and it thinks it will help the Army a lot better if its airplanes don't get shot up.

So there are different perceptions by the people who do the force structure as to what is most important. The fact that the Army wants most the thing that helps it immediately is not surprising, but may not be conclusive.

Now, I personally believe—and I would recommend—that on sum, a lot due to costs, the Divad should be favored over Roland.

But the issue is not solved solely by Perry and myself.

Mr. WHITE. If Roland is unfunded in 1982 does it make any sense to go ahead with the fiscal year 1981 procurement? What can the Army do with 44 fire units?

Dr. LABERGE. That issue has not been directly asked, but very much needs to.

Let me tell you what I would do. The Roland that is presently mounted on a vehicle, which precludes its being carried easily by 141's or 130's. I would use the Rolands that I will have for a part of the deployable force. This represents, I think, a good utilization of the material that is available. However, neither the Army nor I have looked at it in so much detail as to be absolutely sure this is preferable to other ways of doing the problem.

But I think it is important to understand in an RDF it's going to be difficult to get the big shooters rolled into place. Something like Roland stripped of its oversight carriage might, in fact, be a useful tool. So I would not immediately throw away the utility of those that we have bought.

Mr. WHITE. General Maloney, would you agree with that that it makes sense to try to support a force structure of 44 fire units?

General MALONEY. Mr. White, in my opinion—and again this issue has not been staffed—but in my opinion, if we were to know conclusively that Roland is not to be procured in 1982, then my recommendation would be that we terminate the program forthwith and recoup what we can of our 1980 and certainly not sink the 1981.

If there were to be, for example, a skipped year, 1982 no procurement, but 1983 yes, then the answer would be different. We could perhaps do some structuring to stretch, make terribly inefficient, the program, but perhaps get some yield.

So this is sort of a horseback estimate, but this is what I would come down to.

Mr. WHITE. Would you discuss the reasons for the DSARC decision to slow the Patriot procurement, to the extent you can do so in unclassified session?

Dr. LABERGE. Mr. White, if I may talk a little slowly so that I do not violate security?

The Patriot had its first major field test over the few months that have just recently been completed. The program never has had the opportunity to really get to the field until this last set of tests.

During that set of tests a very large number of hardware fixes were required to make the system continue. To give you a feeling, like 125 different circuits have to get fixed. Now, they are all very straightforward, and we have done the design, but they have never been tested, and they all have to work together.

The software lasted for on the order of a few minutes' running time before it crashed. That means that just inside the computer some place something was not quite right.

We went back and are fixing each of those. We have a large number of areas that just need to get fixed.

Now, the issue we had was: Do you point the Army toward an IOC in the United States and a deployment in Europe and take the forces of Raytheon and the forces of the Army and put them to their principal interest of getting deployed, or do you say it's better to fix it first and really test it, using the assets that you might be using for training to debug, using the assets you might be using for IOC deployment to debug, and go get it debugged first. Then as rapidly as possible after it is debugged ramp the program up.

I come from a history of having put the satellite test facility in, from having done the Houston Mission Control Center, from having done some reasonable number of computer-based systems, and my experience is that you are far better to get a system debugged, with preparations to ramp just as soon as you're ready, than to start the production and have people worrying about the issue of deployment and not getting it debugged.

Now, that was all the argument was. It had nothing to do with the money available.

The current resolution does offer to the Army, as soon as they're able to demonstrate by test that they're ready to ramp up, all the opportunity they need. In point of fact, if things go reasonably well we will agree to providing the long lead in anticipation of things continuing to go well.

Mr. DAN DANIEL. Doctor, is there a difference of opinion between the Army and OSD insofar as Patriot's readiness for production is concerned?

Dr. LABERGE. Mr. Chairman, it's clear that at the time of the DSARC the Army recommendation was different from what the decision was. I think probably General Maloney can give you an update on how the Army now feels. I suspect it does not, though, have an official position on the subject.

General MALONEY. There was very substantial disagreement between the Army and the Office of the Secretary of Defense concerning Patriot production rates. The Army Systems Acquisition Review Council, chaired by our vice chief, recommended the program that is here on the Hill at this time, that is, 5 Patriot fire units in 1980, 12 in 1981, and 18 in 1982.

There was some delay after the Army recommendation and before the DSARC to allow a very intense review by the OSD staff. There was great difference of opinion on the staff as to what would be allowed. The argument centered on whether there would be technical corrections accomplished on a schedule that the Army felt could be met. The resultant program does, in fact, create much stronger incentive for the manufacturer to improve, to make those corrections, than the program that left the Army staff. So I think there was improvement in that regard, in the incentivization of the contractor. The judgment was one of well, should we incentivize the contractor in the contract or should we move rapidly, save funds by continuing to produce rapidly, and retrofit as required. The Army original judgment was that we should do the latter, that

is, move rapidly because of the urgent need for this program, take the risk of having to do some retrofit, which we didn't think would be very great.

So that the real gut issue came down to a judgment as to whether the system would move up the reliability curve as advertised, and the OSD judgment was to incentivize that move up the curve by changing the contract structure and allowing for what is referred to as an "earned growth program."

Now, the Army believes that the program will demonstrate that earned growth and will, therefore, return to what the Army originally recommended, certainly in 1981. But unfortunately, we will be constrained in 1982 to not go up to 18 fire units. That's unfortunate.

Mr. DAN DANIEL. What are the risk factors of the two production schedules?

General MALONEY. The risks are technical in nature, and have to do with whether the fire units will perform without failures for as long a period of time as we require. There are risks in both the hardware performance and in the software. The risks in hardware we think are substantially less than those in software. But there is much more time to correct any software problems.

We note—and it was noted during the DSARC—that the rate of changes, engineering changes, in the Patriot program is less right now than in many other programs that have gone into production. So compared with other programs, hardware risk is not very great by that standard.

So the risks are technical in nature. We believe they are very much under control, we are confident that the program will perform to acceptable levels, and we think that there has been some strengthening of incentives by the OSD decisionmaking.

Dr. LABERGE. Without my good friend and I being in contest as to what we each wrote down, I believe what we have said is that we will budget for 12 in 1982, but literally the floor is set at 6, and where we go to depends on how far the Army is prepared to show that it is ready to go. We're not fixed at any number, except we will not build less than six.

Mr. DAN DANIEL. You're not set in concrete for the others.

Dr. LABERGE. No, sir.

Mr. NICHOLS. Let me just say to both of you gentlemen that as an old soldier the fact that the Divad was as reduced so drastically in the 1981 program and the fact that the proposed fiscal 1982 budget has no funds in it for Divad, disturbs me a great deal.

Both of you gentlemen have testified that you expected to so recommend that if the moneys for the Patriot fall through the crack, about $45 million, I believe, that these 1981 moneys, be restructured into the Divad system.

Am I correct in that assumption?

General MALONEY. Yes, sir.

Dr. LABERGE. Yes, sir.

Mr. NICHOLS. OK. Now let's go to 1982 moneys.

Are you concerned about the fact that in the initial stages there are no moneys in here for the Divad in 1982, and, if so, what are you doing toward trying to see that these moneys will be put in there?

General MALONEY. Sir, first of all, the concern. As an air defense officer I am concerned nearly to the point that it makes me sick to think that we would fail to fund the Divad gun.

Mr. NICHOLS. That's what I wanted to hear you say, General.

General MALONEY. I think I can't quite say that the institution feels that way, but let me put it in little different terms.

This is a very high priority Army program. It is the first program that is outside the funding cut, and, therefore, should additional funds become available, the Army wants to fund it. The Chief of Staff has said this forcefully to the Secretary of Defense, both personally and in correspondence, when we submitted the Army request for funds for fiscal year 1982. So there is absolutely no doubt within the Department of Defense where the Army stands on this issue. We want the Divad gun.

Now, there's just not enough money to do it. Every chance we get we fight to get the money in this program, and we have been doing this for the past several months. Now, this has all been internal to the Department of Defense. But there is no doubt about this, sir. We really want this gun.

Mr. NICHOLS. Who is it that keeps taking it out?

General MALONEY. There is no one individual who puts it out, sir. It's a question of dollars available to the Army modernization. The dollars aren't there, and when you say who is in charge of drawing the line it gets pretty fuzzy sometimes. But there is no doubt that we need the money to do this gun. There is simply not enough money to stretch to cover this gun and many other Army modernization programs. At this point in time there are some 20 that are not funded, and I promised earlier to provide a list for the record.

Dr. LABERGE. Mr. Nichols, I personally feel very bad that both Divad and Roland are not funded.

With respect to what we are doing to try to find out about it, today we are continuing negotiations, or the Army is, with Raytheon to try to understand what is going to be the unit cost in 1980 and 1981, and from that what is a reasonable amount to put in for 1982. We are looking at each and every program to see whether they are in fact ready for the money that they are programed for. Jim and I have not completed the discussions, but it is pretty clear that some programs have some production problems that make it a little unclear that it is wise to ramp them up so hard. We will look to see whether or not we cannot find some money in existing Army programs, and I am, while he is not, looking through the other service programs in a similar manner.

Dr. Perry has asked to see whether or not I cannot make to him some reasonable suggestions as to how to get more into the air defense area.

Mr. NICHOLS. Thank you, Doctor.

General, let me ask you this: You're talking about the air defense of a mechanized infantry division. You have the XM-1 tank with this division. That's what, a $1.6-million tank?

General MALONEY. Yes, sir, at least.

Mr. NICHOLS. You have the Infantry Fighting Vehicle somewhere along the line. How much is that?

General MALONEY. That's somewhere up toward $1 million.

Mr. NICHOLS. Now, we haven't talked about the men that are involved. We're just talking about two pieces of equipment that are going to travel over this infantry mechanized division.

What are you going to defend it with if you don't have the Divad gun?

General MALONEY. Right now we have the Vulcan. Vulcan was an interim solution back in 1969.

Mr. NICHOLS. General, does the Vulcan have any radar on it?

General MALONEY. Sir, the Vulcan is an M-113 personnel carrier, a very thin-skinned, aluminum vechicle. The turret has a 20 millimeter Gatling gun, the same one we use on Air Force aircraft. The 20 doesn't have very much range. It doesn't have much punch when it gets to the target, if it hits it. If the target is a Hind, which is heavily armored underneath, we're not quite sure how effective it's going to be against that armor. The Vulcan does not have overhead armor protection. So the gunner is exposed, if there is shellfire, for example. The weapon cannot keep up with the XM-1 or the IFV, the fighting vehicle. So even if it could keep up, it had limited effectiveness.

Now, the only other alternative would be Redeye right now or Stinger in the future. Stinger is a man-portable system. The man would have to get out to fire. That's a very unhealthy thing to do. If you're up front with the armor and you've got artillery coming in on you, or mortars coming in nearby, or small arms fire being directed against you, Stinger would have difficulty surviving.

Therefore, the absolute, the only alternative, we have to provide air defense up there in this kind of a battle is the Divad gun. That's the purpose for which it was designed.

Mr. NICHOLS. You're talking about a piece of equipment that you don't have to get on the assembly line at Chrysler in Detroit and run these M-48 chassis out. They're available now, aren't they?

General MALONEY. That is correct.

Mr. NICHOLS. All right, sir.

And the hallmark of this weapon is the simplicity of it and the availability to put it together, plus it's the only track vehicle that can travel with your outfit.

Am I correct about that?

General MALONEY. You are correct. It does use off-the-shelf components.

Mr. NICHOLS. Tell me about the competitors. One is figuring on a 35 millimeter and one is figuring on a 40 millimeter. Are they on target?

General MALONEY. Yes, sir. There is a shoot-off going on right now at Fort Bliss, Tex. Each of the two competitors delivered two prototype systems, and they built them very quickly, which I think is a tribute to the kind of competitive spirit in the program. The tests had gotten off to a slow start, but they gathered momentum and they're doing very well now. A number of aircraft targets and a number of helicopter targets at very significant ranges, much beyond what Vulcan could hit, and moving faster at those ranges than Vulcan could cope with, if it could even get out there, have been destroyed.

We expect by the completion of the tests in November that all of the requirements for technical performance of this weapon system,

that is, the effectiveness requirements, will have been demonstrated, and many of them have been demonstrated to date.

So we are entirely convinced that what we ask for in terms of effectiveness is going to be provided through the Divad gun program. We are enthusiastic about the results we have seen to date.

Mr. NICHOLS. I think it's penny wise and pound foolish not to move into this, General, and I hope that the two of you would use all the persuasive powers you have with the powers that be when you sit around the table and debate this question.

Mr. Chairman, would you indulge me in one more question, please?

Mr. DAN DANIEL. Please proceed.

Mr. NICHOLS. Dr. LaBerge, you were in the room this morning when someone made the statement when we saw the charts here showing the relative projection of money to be spent by the Air Force, the Navy, and the Army over the next 5 years. Someone suggested that perhaps the reason for those differences is that somewhere in the decisionmaking process someone had said, "Well, we're not going to fight a land war the next war we fight anyway. It's going to be a naval war, or it's going to be an air war, but it's not going to be a land war."

Could you comment, if you would? In the discussions that you have been privy to has any philosophy akin to that ever surfaced? It disturbs me a great deal that that sort of allegation comes before this subcommittee when we have testimony as to what the Soviets are doing in the way of what appears to be a land war scenario.

Dr. LABERGE. Mr. Nichols, it's easy to answer. I have never been a part of any discussion where that situation has ever been discussed.

I have been a part of a number though which wouldn't quite agree with General Maloney. He failed to argue that there are a pile of A-10's and a pile of F-16's around, and they are going to provide some very substantial battlefield help, I hope. We have spent a lot of money on them.

So yes, I personally believe we need more, and we need to free up the F-16's to go deep and the A-10's to go shoot tanks rather than helicopters. But in the adjustment of resources the people who decided came out the way they came out. It was not an argument of not having a ground war, but rather a priority to the things that they thought sat higher than air defense.

Mr. DICKINSON. What do we have that is comparable to the ZSU-23-4 which I understand is about as formidable a close in, low range, low altitude killer that they have ground-to-air? Do we have anything comparable, and what is it that we are preparing to do or working on to fill this role?

General MALONEY. Sir, the ZSU-23-4 which was fielded has about 17 years of service behind it. It is an excellent antiaircraft weapon, 23-millimeter cannon, four of them, radar that scans looking for incoming aircraft, automatically slues to the azimuth as they're coming in.

Mr. DICKINSON. Self-propelled?

General MALONEY. Yes, sir, self-propelled. Light armor, but some armor, track radar that tracks the aircraft and points the guns. It does it a good job. We have nothing that compares with that. The

distant cousin would be the Vulcan, but that's not much of a comparison. The Divad gun is somewhat like the ZSU-23-4 in concept, has many of the same features, but it's a whole lot better, much better armor protection, much more rapid response, for instance, to a pop-up helicopter, much heavier caliber gun, whether it be 35 or 40 millimeter, whoever wins that competition.

Mr. DICKINSON. What kind of fuze does it have, a contact fuze?

General MALONEY. Yes, sir, it has a contact fuze; whereas the Divad gun will have a proximity fuze. Both of the competitors have a proximity fuze. So if you're within, say, a few meters of the target the fuze goes off.

The Divad has much more efficient fire control computation. Some guns can take care of a linear, straight line target. Divad can take care of a curve, or linear, or a maneuvering target.

Mr. DICKINSON. We're talking about a paper gun, as opposed to one that's been in operation for 17 years. Is that correct?

General MALONEY. There are two prototypes from each manufacturer.

Mr. DICKINSON. But we're talking about a conceptual gun?

General MALONEY. Yes, sir.

Mr. DICKINSON. So where are we in the scheme of things as far as locking onto and going into production and putting something in the hands of the troops?

General MALONEY. We're winding up development and operational testing in November of this year, and a decision will be made in February of next year, early next year, to determine who is the winner of the competition.

Mr. DICKINSON. With an IOC of what?

General MALONEY. That would be a classified date, sir. But from the time that we go into production, which would follow not long after that production decision, it takes usually 18 to 20 months until systems begin to come into the field, and there is a period of some months while we organize the unit and train our training base and then go to the operational concept. So it will still be several years from now until we could get a Divad gun into the field.

Mr. DICKINSON. I don't feel reassured. I have a feeling that if all the potential aggressors that we might face would just hold off until 1986 or 1987 we'll be in pretty good shape. In the meantime, we're in pretty tough shape. Even now our newspaper writers are beginning to wake up to this, I was interested in today's Post. If they would just accommodate us, the Soviets and others who are not on our side, if they would just bear with us we'll get there and we'll be able to meet the threat.

But I really don't think that the administration is as farseeing, as has been mentioned before, as the American public today. I really believe that whatever the administration asks for in terms of defense we can make a case for, and I believe that the Congress, being responsive to their constituency, will provide it. But they don't even ask for it, and I think if you follow the chain of command of people with whom you have to work—I'm talking principally about OMB and the administration—they don't ask for what we need. They short-circuit you, really. What the military asks for, a big portion of it is taken out when it comes back. We don't get

what the Pentagon asks for that we can justify, and the United States is not getting the things that we need.

Again going back to what I said this morning, there are some people over there who are not accountable to anybody because they are anonymous, and they are doing us in so far as our defense capability, and the American people are willing to pay the tab if they would just come forward with a shopping list of what we need.

In line with what you are saying and what the doctor was saying, and what we on this committee know because we sit here year after year, some of us, and we get so frustrated because we know what we need. We are forcing on the Defense Establishment, whether we're talking about a carrier or whether we're talking about a weapon system, we force it on you. You don't come in and ask for it. And, for the most part, we're insisting that you take more than you ask for.

I think this gets back to this administration. I'm speaking politically right now. Four more years of this administration is going to be a disaster.

Mr. DAN DANIEL. General Maloney, I understand you have to catch an airplane. What time do you have to leave in order to catch your plane?

General MALONEY. Sir, I have rearranged my schedule. I'm going to leave this evening, and I'm at your disposal.

Mr. DAN DANIEL. Mr. White, do you have any additional questions?

Mr. WHITE. I have just one final one. I would like both of you to answer, if you will.

Within the fiscal guidance that was given, can the Army effectively modernize over the next 5 years, given the funding profile in the present basic budget, and what are the consequences of that failure to modernize if that is in fact the case?

General MALONEY. Sir, in my opinion, no, the Army cannot adequately modernize. There is a great shortfall. There are a number of needed systems, and you have focused on the correct functional area, air defense, which is hit the worst. But there are many other systems that cannot be procured at all.

In addition to that, many of the procurement profiles that we now have on our books are very inefficient. They are constrained, simply because there is not sufficient obligational authority or money to support correct and more efficient current production rates.

So I think we are on the verge of a major modernization, and that modernization is being hit very badly by the projected availability of funding over the next 5 years, and particularly for the Army.

I don't mean to take a shot at the other services. But there has been significantly more modernization funding historically over the past 5 years provided for the other services than for the Army. I don't mean to imply they didn't need that, but I do mean to convey that the Army has been shorted in this area as compared with the other services, in my opinion.

Mr. WHITE. Does that carry through to the conclusion, that the Army today is in worse straits than the other two services?

General MALONEY. I believe that to be the case, Mr. White, based on my own judgments, yes.

Mr. WHITE. Dr. LaBerge.

Dr. LABERGE. Mr. White, it's a difficult question to respond to. I do not believe we are modernizing fast enough, and I would like to see through a way we can do it more quickly.

In all deference to General Maloney, I am not sure he has the overview which will allow him to make the judgment he just made.

We clearly have a problem in air defense on which we ought to work hard. We have an absolute, total issue, which Mr. Dickinson refers to, which we have not yet solved. The issue of the 1982 budget gets decided in January, and what we have shown you is a not quite October snapshot. I would be hopeful that your persuasion and our persuasion would lead to some raising of the limit of funding for some of the items we all believe are needed.

Mr. DICKINSON. Doctor, for 3 years I have been resisting the Roland missile, not that we didn't need the capability, but I was not persuaded that this was the best way to go, and it cost us $75 million, as I recall, just to translate from German to French into our own manuals. As the R. & D. progressed each year it escalated substantially to the point of $350 million. It was sold to us as off-the-shelf, and yet we have a total of about a half a billion dollars in Roland, and now you come over with a zero saying we're not going to buy any more of them.

If we don't buy the Roland what are we going to do? How are we going to fill this need that we have? How do you justify zeroing the budget request? Is Rapier an alternative? We're buying it for airfields in the United Kingdom.

Dr. LABERGE. Mr. Dickinson, again I would only say that this is September in a January budget crisis, and we are going to have to go work the problem you've described. If in January we come in without this, I expect that that's a very legitimate argument that you make.

Mr. DICKINSON. Correct me if I've said anything wrong, first.

Dr. LABERGE. The current budgets, as submitted to OSD through the APDM's, are correctly described by Mr. White. They are not at all anything more than what they are. They are the draft budget in September. Clearly we have a lot of work to do.

Could I talk a moment to Rapier?

We have a bunch of young air defenders who have their equipment over in Europe and in Korea and very little of it in the United States. We pose to them probably the most severe problem we pose to any element of any service, almost worse than that which we pose to the people on our ships in the Indian Ocean. We ask those kids to go over there for 18 month to 2 years, come back for a few months, go back over again, and not let them get out of the air-defending business. Now, some of them would like to stay in. But a bunch of the kids would like to have reasonable home lives. We have forced them, because of where their equipment is, to have little time in the United States and a lot overseas as they are raising a family.

In Rapier we saw a chance where the United Kingdom would provide the people if we bought the hardware. Now, to me that is a wonderful deal for the young kids whom I don't have to send over

to Europe, and that's the only reason that I did it. I don't know how to do that any other place except the United Kingdom. So I believe that one really stands on its own and if you looked at it you would support it.

We do, however, have, I think, a real question of how we continue Roland, and we're going to be working that.

Mr. DAN DANIEL. If we had these weapon systems which we've been discussing here today would we have the manpower, the personnel, to man them?

General MALONEY. Sir, if we had the weapons that are in the air defense program plan we would have a surplus of manpower by several thousands because these weapons are considerably more efficient.

Mr. DAN DANIEL. That's the point I wanted you to make.

General MALONEY. Yes, sir. Please don't reduce Army end strength as a result of that comment.

Mr. DAN DANIEL. I think that's some time over the horizon, based on the testimony we had yesterday.

General MALONEY. Yes, sir.

Mr. DAN DANIEL. Mr. Nichols, do you have any further questions?

Mr. NICHOLS. No. I just want to ask the chairman, this is going to conclude our hearings on this particular matter?

Mr. DAN DANIEL. That's what we were required, yes.

Mr. NICHOLS. What would be the chairman's idea on what sort of followup this committee ought to give? These people may need some help here.

Mr. DAN DANIEL. Mr. Lloyd has suggested that you, he, I and Mr. Dickinson go to see the President. What we have in mind is to write a letter to Secretary Brown and express to him our concern with this. My own feeling is that we will do whatever is required to make sure at least those people who are going to make the decisions know how this committee feels about it.

Mr. NICHOLS. I like your first suggestion better, but if that's your fallback position, Mr. Chairman, I agree.

Mr. DAN DANIEL. Thank you very much, gentlemen. We deeply appreciate your coming and the contribution you've made, and we shall follow up on it.

Dr. LABERGE. Thank you, Mr. Chairman.

General MALONEY. Thank you, sir.

[As a result of this hearing, the following letter was sent to the Secretary of Defense:]

OCTOBER 28, 1980.

Hon. HAROLD BROWN,
Secretary of Defense,
Department of Defense, Washington, D.C.

DEAR MR. SECRETARY: Two years ago the House Armed Services Committee asked the Army to submit a long range air defense plan reflecting its assessment of the threat over the next decade and its strategy for transitioning to a new generation of air defense systems capable of countering that threat.

The committee's major objective in requesting such a plan was to abandon the practice of examining each year's budget submission in isolation and to move toward endorsement of a long range program that could be reviewed annually within a multi-year context. The resulting effort, with few exceptions, addressed the air defense problems facing the Army and proposed a logical, time-phased solution to those problems. The Department of Defense approved the release of this plan to the Congress.

The committee accepted Air Defense Program Plan '90 as modified by the Congress as the basis of agreement between the Defense Department, the Army and the Congress on a substantive, long-range program for Army air defense.

As a result of Department of Defense fiscal and mandatory program guidance to the Army through the Amended Program Decision Memorandum process, the basic level Army budget estimate for fiscal year 1982 proposes a 60% reduction from the air defense plan recommended by the Department of Defense as recently as January 1980. At a hearing conducted by the NATO Subcommittee on September 30, to review the current status of the Army air defense plan, Army and OSD witnesses acknowledged that because of changing priorities and funding constraints the air defense program for fiscal year 1982 currently bears little or no resemblance to the previously agreed upon long range plan.

The members of the NATO Subcommittee appreciate and applaud your desire to place increased emphasis on near term readiness and we fully understand that the September budget estimates represent only a snapshot in time of a continuing process. However, we are also well aware that the basic budget estimates represent the current benchmark and that programs in the lower end of the basic band as well as those in the enhanced band are clearly in the zone of jeopardy for funding in 1982.

The members are particularly disturbed over the potential omission of the Division Air Defense Gun (DIVAD) from the fiscal year 1982 program. The DIVAD gun has received strong congressional support and Dr. Perry testified earlier this year that there were no technical reasons for delay. The issue of whether or not the system is needed has long since been resolved and should not be revisited annually. In the judgment of the members, it is time for the Department of Defense to implement the plan approved by the Congress; that is, it is time to get on with fielding DIVAD. Anything less is likely to raise serious questions about the integrity and logical consistency of the process from year to year and provoke a needless confrontation with the Congress.

Another particularly disturbing case in point is the Roland Missile System. In fiscal year 1980 when the House proposed to terminate the program because of its relatively low ranking among Army modernization priorities, the Department of Defense assured the Congress that Roland was affordable without stretching or terminating higher priority programs. Now, after the Congress has approved more than $700 million for Roland in fiscal years 1980-1981, we are confronted with the prospect that the program may be terminated after procurement of only 44 fire units because it is not affordable.

We know you recognize that the failure to fund Roland in fiscal year 1982 would severely damage the credibility of DOD. But, we hope you will also appreciate that funding Roland without funding DIVAD would be equally damaging because it would be so totally inconsistent with the Army's priorities.

We understand that you operate under difficult constraints, not the least of which is a funding limitation. However, we hope you will take advantage of the time remaining to reevaluate the adequacy of the Army funding level now being proposed for fiscal year 1982. In the judgment of the NATO Subcommittee, the needs of the Army are inadequately addressed in the basic budget estimate and the potential consequences of such inadequacy are incalculable. The subcommittee strongly urges you to restore Army air defense funding approximately to the level contemplated in the January 1980 five year defense plan without offsetting reductions in other needed Army programs.

Sincerely,

DAN DANIEL.

Mr. DAN DANIEL. The subcommittee will stand adjourned, subject to the call of the Chair.

[Whereupon, at 3:25 p.m., the subcommittee adjourned.]

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